

PRICING OPINION OF VALUE

Margaritaville Resort Times Square

560 7th Ave

New York, New York County, NY 10018

Prepared For:

560 Seventh Avenue Owner Primary

Mr. Sharif El-Gamal

Chairman & CEO

560 Seventh Avenue Owner Primary

362 Fifth Avenue, 6th Fl

New York, NY 10001

LWHA® Job No.: 23-NY-150



LWHA®
LW HOSPITALITY ADVISORS



200 West 41st Street, Suite 602
New York, NY 10036
(212) 300-6684
www.lwhospitalityadvisors.com

July 28, 2023

Mr. Sharif El-Gamal
Chairman & CEO
560 Seventh Avenue Owner Primary
362 Fifth Avenue, 6th Fl
New York, NY 10001

Re: Pricing Opinion of Value of the Margaritaville Resort Times Square
560 7th Ave
New York, New York County, NY 10018

LWHA® Job No.: 23-NY-150

Dear Mr. El-Gamal,

In fulfillment of our agreement as outlined in the Letter of Engagement, we are pleased to transmit our pricing opinion of value of the above-captioned property in the pricing opinion of value report dated July 28, 2023. The effective date of value is April 1, 2023. We have also prepared a prospective market value upon completion of the planned renovations, assumed to be completed by April 1, 2023, and the prospective market value upon stabilization as of April 1, 2025.

The subject property consists of a 9,876 square-foot site located along 7th Avenue and 40th Street in the neighborhood of Times Square South, otherwise identified as Block 1012, Lot 29. The site was originally improved with Parsons The New School For Design and the Garment Center Congregation, which were demolished in 2016 to accommodate the subject hotel.

The subject property is the recently constructed 29-story full-service, 234-room Margaritaville Resort Times Square, which opened in July 2021. The hotel features a Margaritaville Restaurant (leased), Landshark Bar & Grill (leased), License to Chill bar (leased), and 5 o' Clock somewhere bar (leased), in-room dining, outdoor pool, business center, and fitness center. In addition, the subject property features approximately 17,747 square feet of retail space contained at grade and throughout two subgrade levels which are all currently vacant. According to property ownership there is also the potential to build a 1,682.87 square foot mezzanine above the vacant above grade retail space which is currently 5,048.62 square feet. The adjusted total available space would be 6,731.49 square feet. We have considered this

Mr. El-Gamal
560 Seventh Avenue Owner Primary



in the projections of our retail analysis. We were also informed that there are plans to enclose the outdoor pool to make it usable all year round. The potential benefit of this has been considered in our cap rate and discount analysis. Please note that no plans for the vacant spaces have been provided. As such, we have assumed a typical buyer would lease both spaces at market rent.

As Is Market Value

As a result of our analysis, we are of the opinion that the pricing opinion of the fee simple estate of the subject hotel property, as of April 1, 2023, is:

**TWO HUNDRED SEVENTY-THREE MILLION DOLLARS
TO THREE HUNDRED TWO MILLION DOLLARS
\$273,000,000 to \$302,000,000**

Prospective Pricing Opinion Upon Stabilization

Furthermore, based on the agreed to Scope of Work, and as a result of our analysis, we have developed an opinion that the Prospective Pricing Opinion Upon Stabilization of the fee simple estate of the subject hotel property, as of April 1, 2025, will be:

**THREE HUNDRED SEVEN MILLION DOLLARS
TO THREE HUNDRED THIRTY-NINE MILLION DOLLARS
\$307,000,000 to \$339,000,000**

The opinion(s) include the land and the improvements. This analysis assumes that the hotel will remain open and operational throughout the projection period. The analysis contained in this report is based upon assumptions and estimates that are subject to uncertainty and variation. These estimates are often based on data obtained in interviews with third parties, and such data are not always completely reliable. In addition, we make assumptions as to the future behavior of consumers and the general economy, which are highly uncertain. However, it is inevitable that some assumptions will not materialize, and unanticipated events may occur that will cause actual achieved operating results to differ from the financial analyses contained in this report and these differences may be material. Therefore, while our analysis was conscientiously prepared based on our experience and the data available, we make no warranty that the conclusions presented will, in fact, be achieved. Additionally, we have not been engaged to evaluate the effectiveness of management and we are not responsible for future marketing efforts and other management actions upon which actual results may depend.

We did not ascertain the legal, engineering, and regulatory requirements applicable to the property, including zoning and other state and local government regulations, permits and licenses. No effort has been made to determine the possible impact on the property of present or future federal, state or local legislation, including any environmental or ecological matters or interpretations thereof. With respect to the market demand analysis, our work did not include analysis of the potential impact of any significant rise or decline in local or general economic conditions.

Mr. El-Gamal
560 Seventh Avenue Owner Primary



Assumptions

These assumptions, if found to be false could alter the resulting opinions or conclusions.

This pricing opinion assumes that the subject property will remain open and continue to operate as a Margaritaville affiliated hotel. Please note, adjusted gross revenue includes all revenues from the operation of the hotel, with the exception of the rental income from the Restaurants and the retail leases.

This pricing opinion assumes that the subject property could be sold unencumbered of a management agreement upon a sale. For the purpose of this analysis, we have assumed that a competent third-party management company would manage the subject property for the duration of the projection period. As such, we have utilized market-based management fee of 3.0 percent of total revenue (excluding F&B lease and retail lease income) throughout the projection period.

According to property ownership, no brand renovations are planned at this time, given that the hotel opened in 2021. As such, this pricing opinion assumes there are no required renovation expenditure at this time and all future capital expenditures will be funded out of reserves for replacement.

Per information provided by ownership, the subject is operated as a non-unionized hotel.

The subject property features food and beverage spaces, for which executed agreements were provided. Our revenue projections are reflective of the contracted lease terms which are more detailed within the Income Capitalization Approach section of this report. This pricing opinion assumes that the leases will continue throughout the projection period under similar economic terms as outlined in the existing agreements.

The subject features 4,765 square feet of above grade retail space and 12,698 square feet of retail space located below grade, both of which are currently vacant. Please note that the above grade space was previously leased to Game Square; however, the company never took possession of the space and terminated the lease in December 2022. According to ownership, the lease was terminated given the increasing economic challenges of the company, which was a non-credit tenant. Please note that although requested, we were not provided with any updated plans or potential lease agreements for the vacant space. As such, we have assumed a typical buyer would lease the space at market rent. We have projected rent in line with the market going forward, which is more detailed within the Income Capitalization Approach section of this report. In addition, according to property ownership there is the potential to build a 1,682.87 square foot mezzanine above the vacant above grade retail space (currently 5,048.62 square feet). We have considered this in our analysis and projections of the retail space.

According to property ownership there are plans to enclosure the outdoor pool to make it usable all year-round. Per ownership, the cost of this would be incurred by the Tenant operating the pool facility. The potential benefit of this has been considered in our cap rate and discount analysis.

Please note we take no responsibility for any events, conditions, or circumstances affecting the market or property that exists subsequent to effective date of value, is April 1, 2023.

If any of the aforementioned assumptions prove untrue, it may have an impact on our concluded opinion(s) of value. We reserve the right to amend our conclusions herein upon receipt of any additional information.

Mr. El-Gamal
560 Seventh Avenue Owner Primary



This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

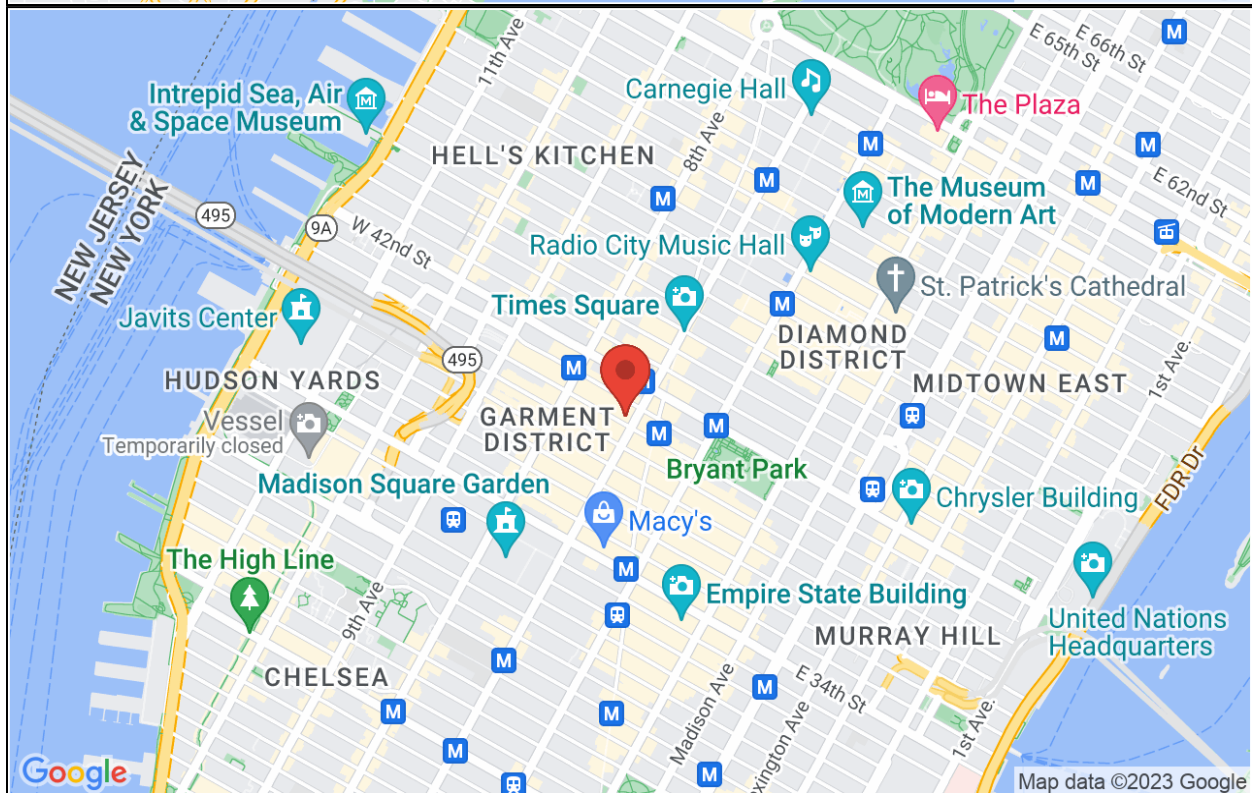
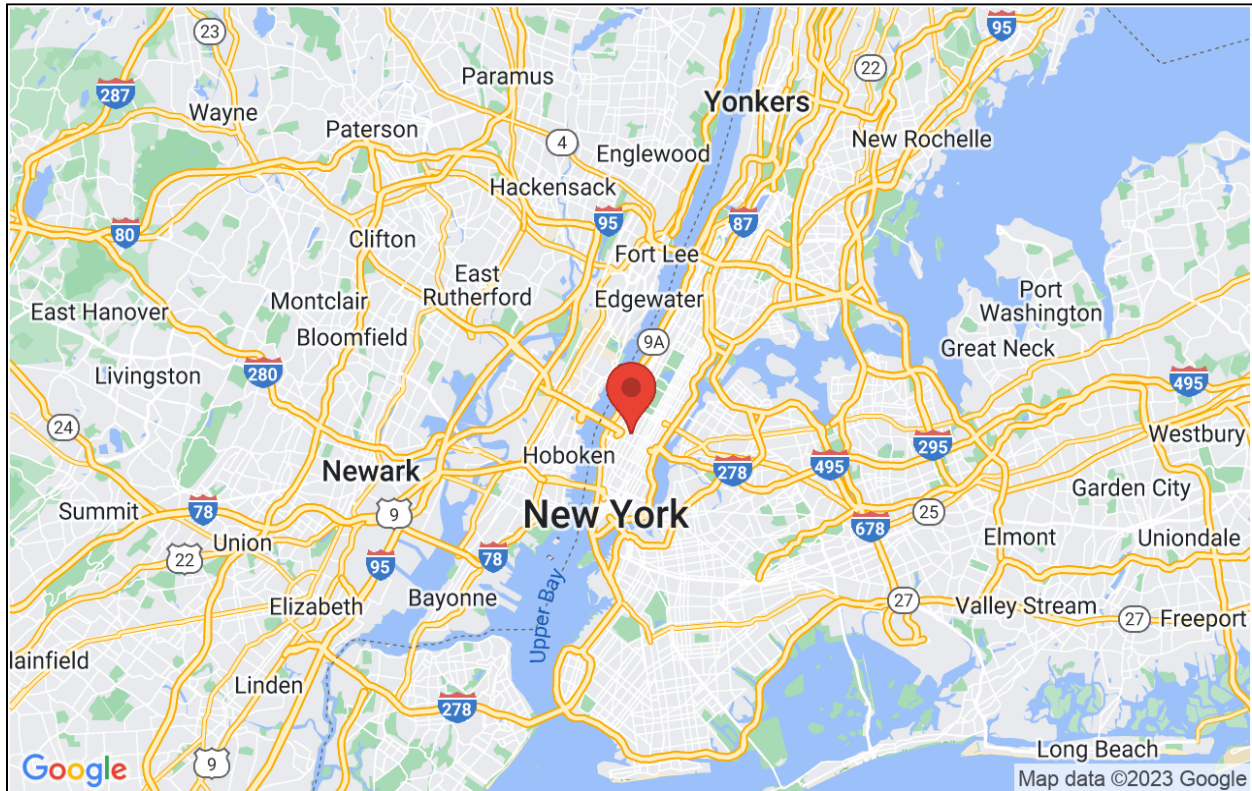
Respectfully submitted,

LW Hospitality Advisors®

Table of Contents

Location Maps.....	7
National Lodging Market Analysis	8
Competitive Lodging Market Analysis	22
Occupancy & Average Daily Rate Projections.....	24
Income Capitalization Approach.....	34
Discounted Cash Flow Analysis	56
Comparable Sales.....	59
Assumptions & Limiting Conditions	61

Location Maps



National Lodging Market Analysis

U.S. Lodging Market Overview

Heading into a new year, the U.S. commercial real estate industry finds itself in choppy waters amid fears of a recession, rising inflation, and interest rate hikes as market participants await a course correction. Challenges during 2022 including continued supply chain constraints, increasing labor costs and struggles in attracting talent are anticipated to endure through 2023. Combined with international and domestic geopolitical issues and market volatility, many believe during the near term, the U.S. will experience a mild to moderate economic recession. Although inflation appears to have recently stabilized, it remains above seven percent, and the Federal Reserve has made clear its intent to continue raising rates until it sees a marked reduction in inflation nearer to its two percent target. Weakening fundamentals and higher cost of capital are anticipated to generally lower asset values. The good news is that for the most part, corporate finances are in good shape and having learned a lesson during the pandemic, employers will avoid extreme layoffs to avoid losing employees in a tight labor market. While consumer confidence is highly subdued, average household debt is low compared with the onset of prior recessions. Many anticipate that inflation will be significantly lower by the second half of 2023, setting the stage for falling interest rates and the beginning of a new cycle.

Recently the U.S. commercial property sector was spooked as two of the nation's largest nontraded real estate investment trusts, namely the \$69 billion Blackstone Real Estate Income Trust (BREIT) and the nearly \$15 billion Starwood Real Estate Income Trust (SREIT), separately announced a limitation on withdrawals due to a surge in investor redemption requests that breached each REITs quarterly repurchase limit. Although hospitality investments represent a small portion of each vehicle's portfolio, many perceive the rush of investors seeking to liquefy assets as an ominous sign of developing economic headwinds.

New lodging construction is relatively muted due to a continued reduced inflow of new projects as compared to pre-COVID levels. Above average inflation, rising interest rates, labor, and material shortages, as well as price increases will continue to be key factors in decision-making for developers during the near term. Combined with limited new supply, rebounding corporate and group travel, and new demand for lodging being induced by the hybrid work model, the sector is experiencing strong tailwinds while rising interest rates coupled with the dislocation in the credit markets have created headwinds. Although overall hotel demand remains below pre-pandemic levels, largely due to strong room rate growth, key U.S. hotel industry performance indicators have consistently exceeded 2019 levels since March 2022. Leisure travel and, more recently, group and inbound international travel have led the recovery, while transient business travel continues to lag. A slowing economy is anticipated to reduce the rate of RevPAR growth which when combined with rapidly increasing operating costs, in particular labor, will place negative pressure on profit margins. The good news is that the airline industry anticipates the post pandemic travel rebound to continue to maintain momentum during 2023.

Lodging fundamentals continue to improve, with leisure-oriented hotels and submarkets consistently exceeding 2019 RevPAR levels while full-service, group-oriented hotels located in urban markets which had been slower to recover are beginning to exhibit outsized performance. China's most recent reopening of it borders will be a boon to increasing numbers of inbound overseas travelers to the U.S. Inflation and a dimming economic outlook could begin to weigh on travel although RevPAR growth is anticipated to

remain positive due in part to the sector continuing to maintain post pandemic rate integrity and remote and hybrid work trends driving new travel demand.

The LW Hospitality Advisors (LWHA) Q4 2022 Major U.S. Hotel Sales Survey included 105 sales that totaled just over \$4.0 billion and included approximately 15,100 hotel rooms with an average sale price per room of \$268,000. Trophy lodging assets appear to be agnostic to noisy headlines as very strong pricing has been realized for three hotels that were part of the former Strategic Hotels & Resorts Inc. portfolio, which most recently were controlled by the Chinese insurance firm Dajia Insurance Group Co., Ltd., the successor entity of Anbang Insurance Group Co., Ltd. The Q4 2022 trades included:

- Braemar Hotels & Resorts acquisition of the 210-unit Four Seasons Resort Scottsdale at Troon North in Scottsdale, AZ \$267.8 million, or \$1.275 million per key,
- Host Hotels & Resorts, Inc. purchase of the 125-unit Four Seasons Resort Jackson Hole in Jackson Hole, WY sold in an all-cash transaction for \$315 million, or \$2.52 million per key, and
- Fertitta MLB Owner, LLC buy of the 260-unit Montage Laguna, California for \$650 million or \$2.5 million per key.

Additionally, GD Holdings LLC closed on a forward sale of the brand new 235 unit Four Seasons Nashville, Nashville, TN which sold on a pre-construction basis for \$165 million or \$702,000 per key. It is rumored that if this Four Seasons Nashville were to be marketed for sale today, it would trade at a significantly higher price per key than the recently completed W Hotel Nashville, Tennessee, which sold for \$950,000 per key at its opening based upon a forward acquisition commitment. These four headline transactions distort the Q4 2022 transaction data. Net of these trades adjusted metrics for the LWHA Q4 2022 Major U.S. Hotel Sales Survey included: 101 sales that totaled roughly \$2.8 billion and included approximately 14,500 hotel rooms with an average sale price per room of \$194,000. By comparison, the LWHA Q4 2021 Major U.S. Hotel Sales Survey (net of the sale of The Mirage in Las Vegas) included 126 sales that totaled nearly \$8.1 billion and included approximately 23,100 hotel rooms with an average sale price per room of \$350,000. By further comparison the LWHA Q4 2020 Major U.S. Hotel Sales Survey included 32 single asset sale transactions over \$10 million that totaled \$2.3 billion and included approximately 7,700 hotel rooms with an average sale price per room of \$295,000. By further comparison, the LWHA Q4 2019 Major U.S. Hotel Sales Survey (net of the sales of Bellagio Hotel & Casino and Circus Circus Hotel & Resort, both in Las Vegas) identified 52 sales that totaled nearly \$3.95 billion and included approximately 12,200 hotel rooms with an average sale price per room of \$323,000.

Comparing adjusted Q4 2022 with adjusted Q4 2021, the number of trades decreased approximately 20 percent while total dollar volume decreased roughly 65 percent and sale price per room decreased by roughly 44 percent. Comparing Q4 2022 with Q4 2019, the number of trades increased by approximately 94 percent while total dollar volume decreased roughly 29 percent and sale price per room decreased by roughly 40 percent.

For the year 2022, the LWHA Major U.S. Hotel Sales Survey includes 481 single asset sale transactions over \$10 million. These transactions totaled nearly \$19.9 billion and included approximately 78,300 hotel rooms with an average sale price per room of \$253,000. For the year 2021, the LWHA Major U.S. Hotel Sales Survey includes 308 single asset sale transactions over \$10 million, totaling more than \$36.2 billion and included approximately 84,200 hotel rooms with an average sale price per room of \$431,000. For the

year 2020, the LWHA Major U.S. Hotel Sales Survey included 79 single asset sale transactions over \$10 million totaling \$5.3 billion and included approximately 19,400 hotel rooms with an average sale price per room of \$273,000. By further comparison, the LWHA 2019 Major U.S. Hotel Sales Survey identified 164 transactions totaling roughly \$17.7 billion including 48,800 hotel rooms with an average sale price per room of \$364,000.

Coming off one of the worst trading years in U.S. history in 2020, the number of trades for 2021 increased by approximately 290 percent while total dollar volume increased roughly 580 percent and sales price per room increased by roughly 58 percent. Comparing 2022 with 2021, the number of trades increased by approximately 56 percent while total dollar volume decreased roughly 45 percent and sale price per room declined approximately 41 percent. Finally comparing 2022 with 2019, the number of trades nearly tripled while total dollar volume increased roughly 12 percent and sale price per room declined roughly 31 percent

Additional newsworthy Q4 2022 observations include:

- Forty-Four trades or roughly forty three percent of the national Q4 total occurred in California and Florida.
- Two hotels traded over \$2.0 million per unit each, and three sales occurred over \$1.0 million per room each
- One Q4 2022 sale (Montage Laguna Beach) was consummated for \$650 million, and another (Four Seasons Resort Jackson Hole) sold for over \$315 million.
- Two Q4 2022 sales (Four Seasons Resort Scottsdale at Troon North and Sirata Beach Resort St. Pete Beach, FL) were consummated for between \$200 million and \$299 million each.
- Two additional Q4 2022 sales (Four Seasons Hotel Nashville and Charter Hotel Seattle) sold for between \$100 million and \$199 million each.

Institutional investment platforms, many of whom are lodging centric, continue to be active in the hotel acquisition arena. Examples include American Liberty Hospitality, Banyan Investment Group, Bluegreen Vacations Holding Corporation, Braemar Hotels & Resorts, BRE Hotels & Resorts LLC, Crescent Real Estate, DiamondRock Hospitality Company, Drury Development Corporation, Fertitta Entertainment, Inc., Host Hotels & Resorts, Inc., KHP Capital Partners, Linchris Hotel Corporation, Monarch Alternative Capital, MCR, McWhinney, Ocean Properties Ltd., Opterra Capital, Peachtree Hotel Group, RADCO Companies, Tamarack Capital Partners, Stonebridge Companies, The St. Joe Company, and Trinity Investments.

The recent dramatic rise in financing costs has widened bid/ask spreads and slowed investment volume. During 2023 refinancing challenges will occur as many maturing 5- and 10-year term loans that were originated in 2013 and 2018 at much lower debt rates will be coming due. Even in the best-case scenarios where properties have retained value, due to higher interest rates. debt service coverage ratios will be lower at refinancing requiring some to inject fresh equity to right-size their loan(s). With pandemic related forbearance in the rear-view mirror, lenders are anticipated to be more aggressive to enforce default remedies including foreclose. Many investors are holding on to dry powder, slowing down acquisitions and waiting for distress to bake in during 2023. With more than \$9.8 billion in lodging CMBS loans

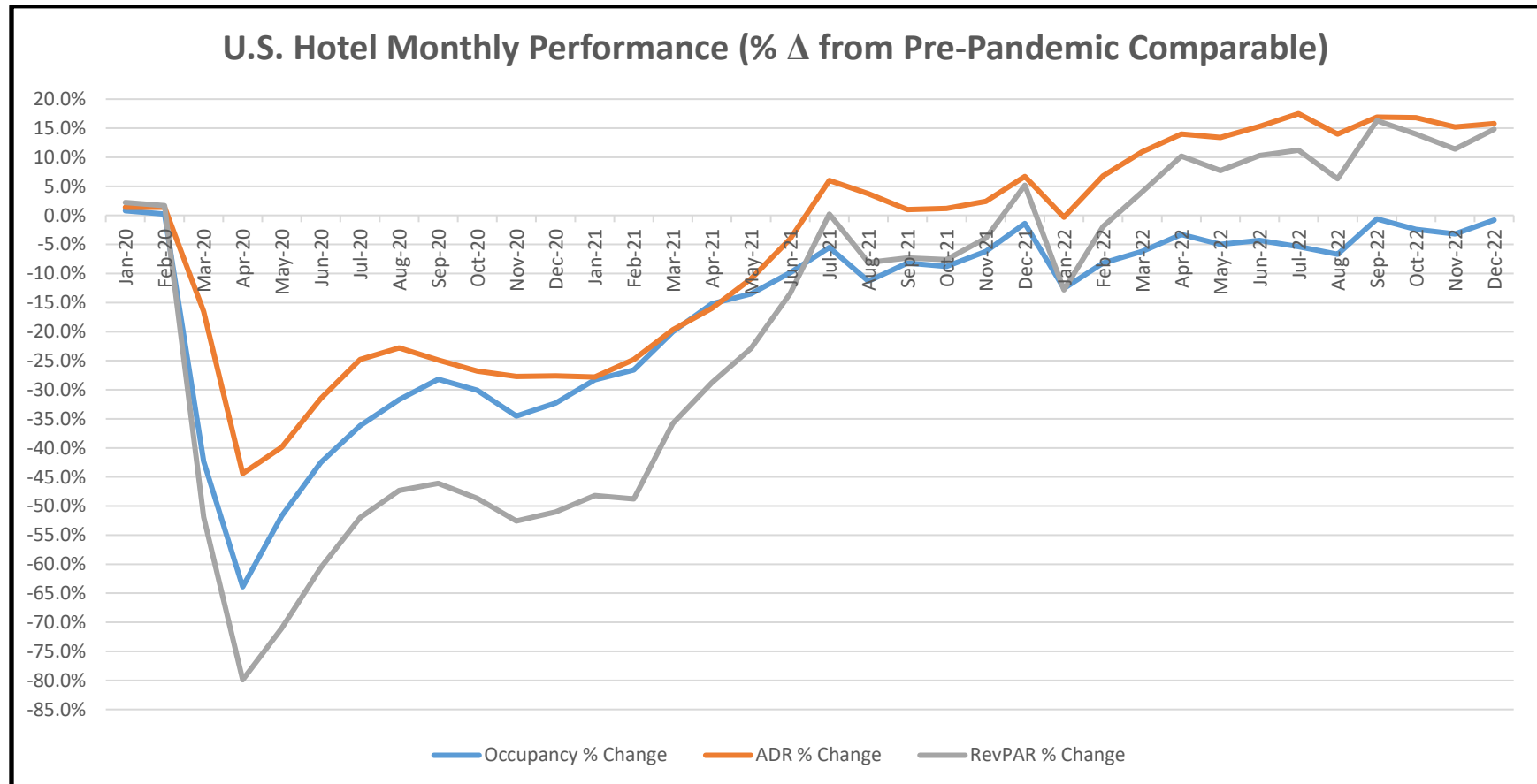
maturing in 2023 acquisition opportunities particularly in the full-service segment will evolve. An enormous amount of capital was raised in anticipation of pandemic related distress opportunities that never materialized. As such, pricing for compelling investment opportunities will be bid up resulting in stress induced transactions that may not reflect discounted valuations.

COVID-19 Impact and Recovery

On March 11, 2020, the World Health Organization (WHO) classified the COVID-19 outbreak as a global pandemic, as the rates of infection continued to rise exponentially in many locations around the world and across the United States. Shortly following the WHO's announcement, the COVID-19 outbreak was declared a national emergency by the president of the United States on March 13, 2020.

Lawmakers around the country placed restrictions on public gatherings and travel throughout 2020 to curtail the growth and severity of the spread. Beginning in early 2021, several states began to end and/or ease COVID related restrictions including mask mandates and continued to lift various restrictions throughout the year. However, several outbreaks throughout county (and the world) and various new strains of the disease such as the well-known "Omicron Variant" caused concern that led to delays relating to reopening efforts. Most states no longer have any significant restrictions in place.

The following table illustrates a percentage change comparison from pre-pandemic levels of the three key performance metrics on a monthly basis beginning January 2020. It is important to note that year-over-year comparisons with 2020 began to turn favorable following the one-year anniversary of the outset of the pandemic in March 2020. As such, until February 2021, the comparison to pre-pandemic levels is to the prior year; beginning in March 2021, the % change metrics are relative to 2019 levels.



Source: Smith Travel Research

As indicated during March 2020, the first month with a visible impact from the COVID-19 pandemic, the national hotel industry reported double-digit declines in the three key performance metrics. Absolute occupancy and RevPAR levels continued to decline and bottomed out in April 2020, which was the lowest for any month on record in the United States, while the actual ADR was the lowest since December 1997, according to data from Smith Travel Research. Subsequently, the national lodging market experienced gradual improvement, though followed by a noticeable decrease in performance with the emergence of the "Omicron Variant" in late 2021/early 2022. However, it is worth noting that ADR and RevPAR levels have exceeded 2019 levels thereafter.

A total of three vaccines are available for public use within the United States with several others in various states of clinical trials. As a result of the vaccination efforts, various COVID-19 related restrictions were lifted in 2021, which has sparked renewed optimism for the recovery. As of year-end 2022, over 660 million doses have been administered throughout the United States with approximately 80 percent of the population receiving at least one dose.

National RevPAR performance for December 2022 reflects a significant improvement over 2019 levels. Historically, there has been a strong relationship between hotel demand and Gross Domestic Product (GDP). Lodging forecasts are heavily dependent on the anticipated changes in GDP. The following table illustrates historic GDP quarterly growth rates throughout 2019, 2020, 2021 and 2022 as released by the U.S. Bureau of Economic Analysis.

United States GDP Growth															
2019				2020				2021				2022			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3*	Q4**
2.2%	2.7%	3.6%	1.8%	-4.6%	-29.9%	35.3%	3.9%	6.3%	7.0%	2.7%	7.0%	-1.6%	-0.6%	3.2%	2.9%

Source: U.S. Bureau of Economic Analysis (Release Date January 26, 2023)
 *"Third" Estimate
 **"Advance" Estimate

The following table summarizes key historical statistics and revised forecasts as published by STR/Tourism Economics.

Total U.S. Key Statistics										
	YE 2017	YE 2018	YE 2019	YE 2020	YE 2021	YE 2022		2023F*	2024F*	2025F*
						% Change Prior Year		% Change Prior Year	% Change Prior Year	% Change Prior Year
Occupancy**	65.9%	66.2%	66.0%	44.0%	57.6%	62.7%		63.6%	65.3%	66.0%
Average Daily Rate	\$127	\$130	\$131	\$103	\$125		19.1%	2.1%	3.8%	3.7%
RevPAR	\$84	\$86	\$87	\$45	\$72		29.8%	3.7%	6.6%	4.7%
2019 Real RevPAR Index	-	-	-	-	-16.9%		-5.7%	-6.2%	-2.5%	0.1%
Source: STR/Tourism Economics										
*Revised January 2023										

As indicated, the most recently revised forecast shows full RevPAR recovery over the near-term future, following the recapture of approximately 83 percent of pre-pandemic RevPAR levels in 2021. Note that RevPAR was fully recovered in 2022 on a nominal basis; however, RevPAR is not expected to reach full recovery when adjusted for inflation (real) until 2025. According to Smith Travel Research, the performance growth is anticipated to be significant as demand continues to trend at record levels in 2023 (continued strength in the leisure segment, as well as a substantial return in group business); while lodging demand growth may slow, it will remain positive on a year-over-year basis.

It is important to note that the initial recovery has not progressed uniformly across all markets and chain scales; in fact, central business districts (CBD) and the Top 25 Markets are not expected to reach full RevPAR recovery until after 2024. While the ultimate length of recovery to pre-pandemic levels remains unknown at this time, most national level forecasts project a similar pattern of a continued ongoing recovery in room demand from the sharp decline experienced during Q2 2020.

The table below illustrates the most recent U.S. Hotel Industry Outlook as published by Lodging Analytics Research & Consulting (LARC).

U.S. Lodging Industry Forecast						
	Economic Supply Growth	Occupancy Change	ADR Change	RevPAR Change	EBITDA Change	Hotel Value Change
2023F Growth	1.4%	1.9%	4.3%	6.3%	10.2%	6.2%
22-'25 CAGR	1.1%	0.7%	3.5%	4.3%	5.5%	4.3%
22-'27 CAGR	1.0%	0.4%	2.9%	3.3%	3.2%	1.7%
Source: LARC National Market Intelligence Report Revised March 2023						

As indicated within the most recent LARC forecast report, COVID-19's impact on the lodging industry will continue to evolve. We expect disruption from COVID-19 to moderate going forward, but the negative impact on urban and gateway markets will persist for some time.

Supply Changes

Given the depressed levels of business, leisure, and group demand, many hotels closed or were converted to other uses, like hospitals or housing for quarantined populations during the height of the pandemic response. According to STR, after peaking just above 5,300 properties (and 900,000 rooms) closed in late April 2020, U.S. properties began re-opening at the rate of roughly 200,000 rooms per month.

It is also important to consider the new supply of rooms recently added and anticipated to enter the market in the foreseeable future. According to Lodging Econometrics (LE), approximately 98,202 total rooms opened in 2020 and 106,192 total rooms opened in 2021. The 2020 figures represent a year-over-year decrease as some projects experienced delays or postponements as the pandemic lingered beyond original expectations. In addition to a lack of demand for new hotels, there has also been limitations causing existing projects to remain under construction for longer periods of time, including persistent inflation, rising energy prices, elevated transportation costs, material shortages and supply chain backlogs.

During 2022, there was a total of 464 newly opened hotels representing 54,620 rooms. Of these openings, Marriott, Hilton, and IHG branded hotels accounted for 67 percent with 306 new hotel openings and 36,805 rooms. Marriott opened 131 new hotels/16,643 rooms, Hilton opened 118 new hotels/13,916 rooms and IHG opened 57 new hotels/6,246 rooms. Marriott closed Q4 2022 with the largest project count in the under-construction stage with 266 projects/36,112 rooms, followed by Hilton with 252 projects/31,240 rooms, and IHG with 141 projects/15,935 rooms currently under construction.

The following table illustrates the number of rooms of new hotel openings between 2015 and 2022, as well as current forecasts for 2023 and 2024.

U.S. New Hotel Openings									
	2015	2016	2017	2018	2019	2020	2021	2022	2023F
Hotels	731	842	985	954	1,024	842	826	464	607
Rooms (Total)	81,698	98,990	117,865	112,329	119,399	98,202	106,192	54,620	72,665
% Change	-	21.17%	19.07%	-4.70%	6.29%	-17.75%	8.14%	-48.56%	33.04%
									2024F
									722
									82,813
									13.97%

Source: Lodging Econometrics, January 2023

As indicated, the U.S. lodging market opened 464 new hotels in 2022, accounting for 54,620 rooms, for a growth rate of 1.0 percent. New openings are forecasted at 607 projects/72,665 rooms in 2023 (representing a 1.3 percent supply increase); and 722 projects/82,813 rooms in 2024 (representing a 1.5 percent supply increase).

At the close of Q4 2022, the total U.S. construction pipeline stands at 5,465 projects/650,626 rooms, up 14 percent year-over-year by projects and 12 percent year-over-year by rooms.

There are 1,008 projects/135,492 rooms currently under construction, up 4 percent year-over-year by projects and 3 percent year-over-year by rooms. Projects scheduled to start in the next twelve months, at 2,073 projects/235,222 rooms, are up 14 percent year-over-year by projects and 12 percent year-over-year by rooms. Projects and rooms in early planning reached a record high, standing at 2,348 projects/279,912 rooms, up 18 percent year-over-year by projects and 17 percent year-over-year by rooms. It is worth noting that brand conversion room counts reached record highs of 1,030 projects/102,162 rooms in Q4 2022. The renovation pipeline also remained strong in Q4, reaching the highest project counts seen since Q1 2019, standing at 900 projects/148,105 rooms. Combined, renovation and conversion activity accounts for 1,930 projects/250,267 rooms (record-highs by projects), up 53 percent year-over-year by projects and 45 percent year-over-year by rooms.

The top five markets with the largest hotel construction pipelines are as follows:

1. Dallas, Texas: 176 projects/20,790 rooms;
2. Atlanta, Georgia: 145 projects/18,100 rooms;
3. Los Angeles, California: 122 projects/19,419 rooms;
4. Phoenix, Arizona: 116 projects/16,229 rooms; and
5. Nashville, Tennessee: 106 projects/14,198 rooms.

It is important to note that supply projections do not consider a possible surge in new supply related to alternative lodging sources (i.e. Airbnb) as the threat of increased competition could potentially be offset by guest's perceived safety (sanitization and health related) with a larger hotel chain.

Market and Chain Scale Impacts

Throughout the pandemic, the Top 25 Markets (major cities) have consistently experienced more significant declines in RevPAR compared to other non-Top 25 Markets. Major gateway cities have been severely impacted, given the initial spike of confirmed COVID-19 cases in those markets and the substantial decline of inbound international travel and tourism. Those cities, as well as other major municipalities throughout the country, have also been severely impacted by group postponements and cancellations, which is anticipated to continue a slower recovery over the near term.

All chain scales have experienced significant occupancy declines as a result of the pandemic; however, the level of impact has not been uniform. The higher end of the chain scale experienced the steepest declines given the very low occupancies and lack of compression and pricing power under current market conditions. Luxury, Upper Upscale and Upscale properties have been affected the most mainly because of their dependency on group, business, and international visitations, while economy and midscale properties fared better as these chain scales accommodated permanent residents, front line workers, and other essential employees throughout 2020 and have continued to outperform in 2021 and 2022 given the advancement in leisure demand.

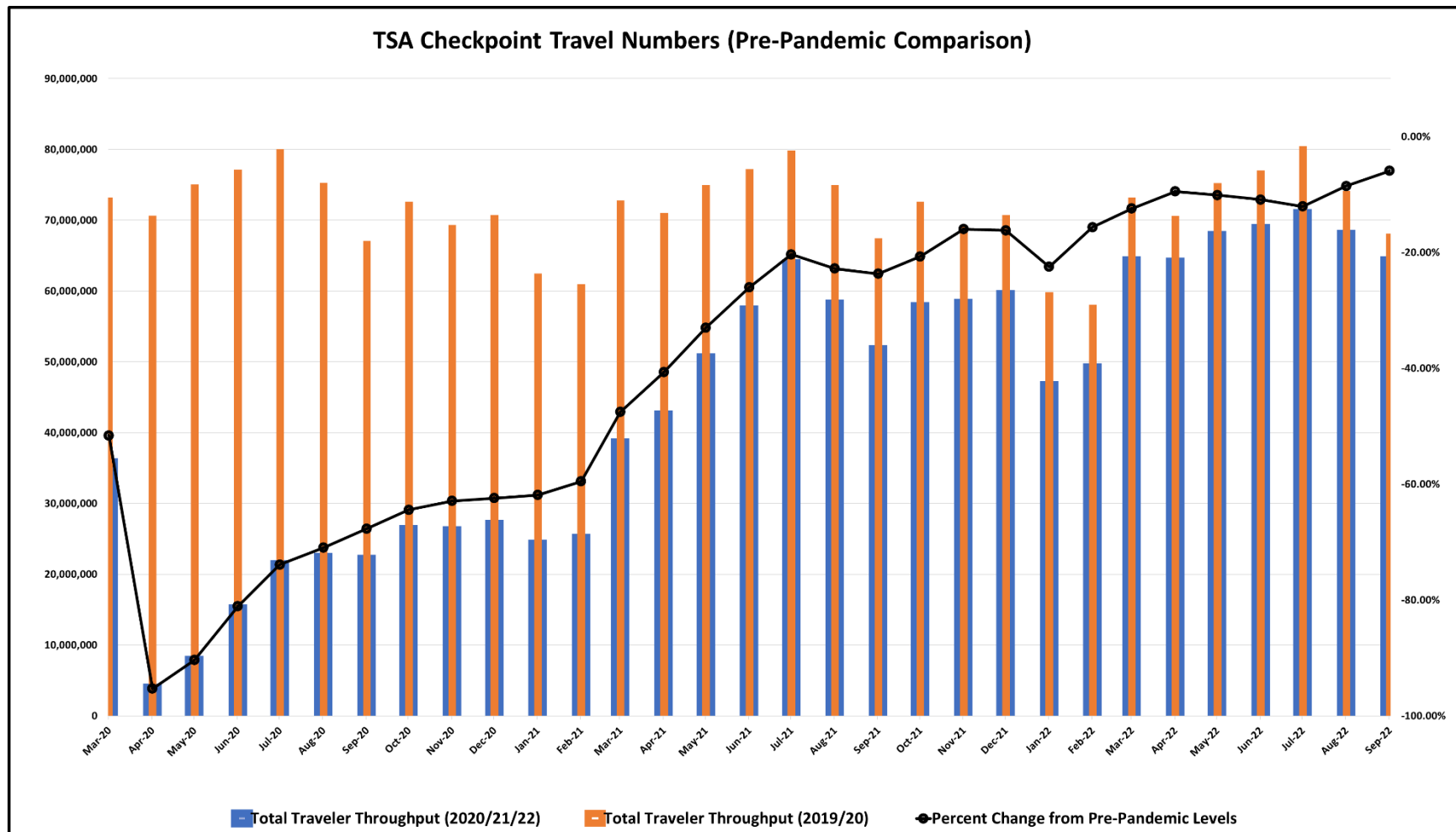
The following table summarizes the most recent annual forecasts of occupancy, average daily rate and RevPAR by chain scale segment by PwC Hospitality Directions (November 2022).

Total U.S. Chain Scale Outlook										
	2022 Forecast*					2023 Forecast*				
Chain Scale	Demand	Supply	Occupancy	ADR	RevPAR	Demand	Supply	Occupancy	ADR	RevPAR
Luxury	41.1%	5.7%	33.4%	10.9%	48.0%	6.3%	0.3%	6.0%	5.1%	11.3%
Upper Upscale	39.1%	5.9%	31.4%	19.8%	57.4%	5.1%	0.1%	5.0%	4.3%	9.6%
Upscale	17.3%	3.8%	13.0%	19.7%	35.3%	4.8%	2.8%	1.9%	3.7%	5.7%
Upper Midscale	9.2%	2.8%	6.2%	13.7%	20.8%	2.6%	1.6%	1.0%	3.5%	4.5%
Midscale	1.2%	-0.2%	1.4%	10.6%	12.1%	1.6%	0.1%	1.5%	4.8%	6.4%
Economy	-2.7%	-2.2%	-0.5%	8.6%	8.0%	-2.5%	-1.5%	-1.0%	3.3%	2.3%
Independent	8.2%	1.4%	6.7%	16.2%	24.0%	0.2%	0.5%	-0.3%	3.5%	3.1%
Total United States	11.4%	2.1%	9.2%	19.3%	30.3%	2.0%	0.8%	1.3%	4.5%	5.8%

Source: PwC Hospitality Directions November 2022 Report
*Percentage Change From Prior Year

Air Travel

Traffic at airports, another key component of travel and ultimately hotel demand, has experienced a similar trend of dramatic decline and gradual improvement since the onset of the global pandemic. The following graphic presents a year-over-year and/or pre-pandemic comparison of TSA checkpoint travel numbers since March 2020.



As indicated, the airline sector is also recovering at a gradual pace, albeit the improvements also vary by market. TSA volume in 2Q 2020 was 88.73 percent less in comparison to 2Q 2019, the third and fourth quarters 2020 experienced slight improvements in the year-over-year decline (-71.05 percent and -63.27 percent, respectively). Travel numbers since the beginning of 2021 have continued to show improvement with the following pre-pandemic comparisons: -54.5 percent in Q1 2021; -33.0 percent in Q2 2021; -22.2 percent in Q3 2021; -17.7 percent in Q4 2021; -16.6 percent in Q1 2022; -10.2 percent in Q2 2022; and -9.0 percent in Q3 2022. Although bookings are improving, similar to the hospitality market, demand for corporate and long-haul international air travel are lagging, so revenues are expected to remain below 2019 levels until this demand normalizes. With revenue lagging, the recovery of the airline industry will also remain vulnerable to shocks and cost headwinds. Additionally, smaller regional airports have experienced route suspensions and flight cancellations in response to the reduced level of demand. The ultimate level of permanent consolidation and diminution of flights is uncertain at this time; however, hotels in secondary and tertiary markets could be more adversely impacted in the near term and experience a prolonged recovery period depending on the severity of the reduction in flight options.

Outlook

Hotel performance declines were severe around the world in 2020 and 2021 as a result of the COVID-19 health crisis. Once the initial shock of the pandemic subsided, we began to see varying levels of recovery in different markets across the United States. For example, leisure markets (specifically drive to locations) experienced the fastest recovery. In many cases, as of mid-2022, leisure-oriented markets have fully recovered or are currently performing with RevPAR levels above 2019. The initial expectation was for corporate transient travel to return prior to group, but actual data shows that the group market as a whole has recovered faster with pace and room nights on the books for 2022 and into 2023 very strong relative to pre-pandemic comparisons. The corporate transient segment has been the slowest to recover, which is due to company travel restrictions and less employees working from offices. As a result, many of the top-25 cities across the country have been underperforming the national averages as it relates to RevPAR and NOI recovery. While hotel industry fundamentals are relatively strong and continue to grow following the severe shocks caused by the pandemic, uncertainty still exists in terms of the future outlook. The typical lodging industry metrics appear positive, but macro-economic issues such as inflation, interest rates, supply chain issues, labor shortages, rising wage rates, and a potential recession on the horizon are all weighing on investor confidence.

Investment Rates

The latest Q3 2022 Real Estate Investor Survey published by PwC for luxury, full service, limited service and select service properties is illustrated in the following table, as well as the comparison to the Q2 2022, Q1 2022, Q4 2021 and Q3 2021 survey results. As reported, the U.S. lodging industry continues to regain strength, however, risk remains related to the lingering effects of the health crisis and new variants. Availability of labor is also noted as an ongoing challenge for many owners.

Hotel Investor Survey						
Type	Discount Rate		Overall Cap Rate		Residual Cap Rate	
	Range	Average	Range	Average	Range	Average
PwC Hotels						
Luxury/Upper-Upscale						
Q3 2022	6.50% - 11.00%	9.33%	4.00% - 9.50%	6.92%	5.75% - 9.50%	7.38%
Q2 2022	6.50% - 11.00%	9.27%	4.00% - 9.50%	6.77%	5.00% - 9.50%	7.34%
Q1 2022	6.50% - 11.00%	9.27%	4.00% - 9.50%	6.77%	5.00% - 9.50%	7.34%
Q4 2021	6.50% - 11.00%	9.27%	4.00% - 9.50%	6.70%	5.00% - 9.50%	7.41%
Q3 2021	6.50% - 11.00%	9.27%	4.00% - 9.50%	6.91%	5.00% - 9.50%	7.41%
Full Service						
Q3 2022	8.00% - 12.00%	9.98%	5.00% - 9.00%	7.25%	5.00% - 10.00%	8.05%
Q2 2022	8.00% - 11.00%	9.88%	5.50% - 9.00%	7.35%	5.50% - 10.00%	8.10%
Q1 2022	8.00% - 11.25%	10.05%	5.50% - 9.00%	7.35%	5.50% - 10.00%	8.20%
Q4 2021	8.75% - 11.25%	10.15%	5.50% - 9.00%	7.35%	5.50% - 10.00%	8.20%
Q3 2021	8.75% - 11.00%	10.23%	6.00% - 9.50%	7.80%	6.50% - 10.00%	8.50%
Limited Service*						
Q3 2022	9.00% - 13.00%	10.70%	8.00% - 11.50%	9.68%	8.00% - 12.50%	9.85%
Q2 2022	9.00% - 12.00%	9.95%	8.00% - 10.50%	9.18%	8.00% - 12.00%	9.45%
Q1 2022	7.00% - 11.00%	9.35%	7.00% - 10.50%	8.88%	8.00% - 11.00%	9.05%
Q4 2021	8.00% - 11.00%	9.55%	7.00% - 10.50%	8.98%	8.00% - 11.00%	9.10%
Q3 2021	8.00% - 11.50%	9.60%	7.00% - 11.00%	9.03%	8.00% - 11.00%	9.15%
Select Service**						
Q3 2022	9.00% - 13.50%	11.00%	7.00% - 10.00%	8.40%	7.50% - 11.50%	8.95%
Q2 2022	9.00% - 12.00%	10.55%	7.00% - 9.50%	8.10%	7.00% - 10.00%	8.25%
Q1 2022	8.00% - 12.00%	10.05%	6.50% - 9.50%	7.90%	7.00% - 9.00%	7.95%
Q4 2021	8.00% - 12.00%	10.05%	6.50% - 10.00%	7.95%	7.00% - 9.00%	8.00%
Q3 2021	8.00% - 12.00%	10.15%	6.00% - 10.00%	7.90%	7.00% - 9.00%	8.00%
* Limited Service includes midscale and economy lodging with rooms only						
** Select Service includes upscale and upper-midscale lodging with rooms only						
Source: PwC Real Estate Investor Survey - Q3 2022						

The latest Q4 2022 Hotel Real Estate Survey published by RERC is presented below, which illustrates a rate comparison of First, Second and Third-Tier investment properties on a regional basis.

Hotel Investor Survey						
Type	Pre-Tax Yield (IRR)		Going-In Cap Rate		Terminal Cap Rate	
	Range	Average	Range	Average	Range	Average
RERC						
First-Tier Properties*						
West	9.00% - 12.50%	10.30%	6.50% - 10.00%	8.30%	7.50% - 10.00%	8.80%
Midwest	9.00% - 15.00%	10.40%	8.00% - 11.50%	8.80%	8.30% - 12.50%	9.50%
South	9.50% - 12.00%	10.10%	8.00% - 9.00%	8.50%	8.50% - 9.50%	9.10%
East	9.30% - 10.50%	10.00%	8.00% - 9.00%	8.30%	8.50% - 9.50%	9.00%
Second-Tier Properties**						
West	10.00% - 14.00%	11.40%	8.00% - 12.50%	9.50%	9.00% - 12.50%	10.00%
Midwest	10.00% - 16.00%	11.70%	8.80% - 12.50%	9.80%	9.50% - 13.50%	10.60%
South	10.50% - 13.00%	11.10%	8.50% - 10.50%	9.40%	9.00% - 11.00%	10.00%
East	9.80% - 12.00%	11.00%	8.00% - 10.00%	9.30%	9.50% - 11.00%	10.10%
Third-Tier Properties***						
West	11.00% - 14.50%	12.30%	9.00% - 12.50%	10.30%	9.50% - 13.00%	10.90%
Midwest	11.00% - 18.00%	12.50%	9.60% - 14.50%	10.80%	10.30% - 15.50%	11.60%
South	11.00% - 14.00%	12.20%	9.50% - 12.00%	10.50%	10.00% - 12.50%	11.10%
East	11.00% - 13.00%	12.00%	9.50% - 11.00%	10.30%	10.00% - 12.00%	11.00%
* First-tier investment properties are defined as new or newer quality construction in prime to good locations						
** Second-tier investment properties are defined as aging, former first-tier properties, in good to average locations						
***Third-tier investment properties are defined as older properties with function inadequacies and/or in marginal locations						
Source: Situs RERC Real Estate Report - Q4 2022						

JF Capital Advisors analyzed the implied net operating income (NOI) and capitalization rates for 2019, 2022 and 2023 for the below public hotel trading companies, based on various growth rates of -10.0 percent and -20.0 percent, displayed below.

Implied Cap Rates Based on Assumed Growth														
	2019			2022		2023		2019 Cap Rate ⁽¹⁾		2022 Cap Rate ⁽¹⁾		2023 Cap Rate ⁽¹⁾		
Enterprise Value		Current	YE 2019 Cap											
Company	(billions)	NOI ⁽²⁾	Cap Rate	Rate ⁽³⁾	NOI ⁽²⁾	Cap Rate	NOI ⁽²⁾	Cap Rate	-10.0%	-20.0%	-10.0%	-20.0%	-10.0%	-20.0%
Hotel REITs														
Host	17,479	1,237	7.1%	7.9%	1,295	7.4%	1,363	7.8%	6.4%	5.7%	6.7%	5.9%	7.0%	6.2%
Park	7,213	774	10.7%	7.6%	500	6.9%	526	7.3%	9.7%	8.6%	6.2%	5.5%	6.6%	5.8%
Service Properties	7,039	786	11.2%	8.4%	499	7.1%	544	7.7%	10.1%	8.9%	6.4%	5.7%	7.0%	6.2%
Ashford	3,773	318	8.4%	7.5%	222	5.9%	265	7.0%	7.6%	6.7%	5.3%	4.7%	6.3%	5.6%
Braemar	1,886	134	7.9%	6.9%	157	8.3%	150	8.0%	6.4%	5.7%	7.5%	6.7%	7.2%	6.4%
Ryman	7,808	464	5.9%	6.0%	460	5.9%	493	6.3%	5.3%	4.8%	5.3%	4.7%	5.7%	5.1%
Sunstone	3,305	284	8.6%	7.5%	192	5.8%	199	6.0%	7.7%	6.9%	5.2%	4.6%	5.4%	4.8%
DiamondRock	3,320	242	7.3%	7.0%	243	7.3%	256	7.7%	6.6%	5.8%	6.6%	5.9%	7.0%	6.2%
Hersha	1,251	67	5.4%	6.5%	97	7.8%	110	8.8%	4.8%	4.3%	7.0%	6.2%	7.9%	7.0%
Pebblebrook	5,178	392	7.6%	6.5%	310	6.0%	381	7.4%	6.8%	6.1%	5.4%	4.8%	6.6%	5.9%
RLJ	4,120	367	8.9%	7.9%	297	7.2%	328	8.0%	8.0%	7.1%	6.5%	5.8%	7.2%	6.4%
Summit	2,458	193	7.8%	6.7%	160	6.5%	198	8.1%	7.1%	6.3%	5.8%	5.2%	7.3%	6.4%
Chatham	1,279	118	9.2%	8.1%	85	6.7%	93	7.3%	8.3%	7.4%	6.0%	5.3%	6.6%	5.8%
Apple	5,357	419	7.8%	7.6%	368	6.9%	381	7.1%	7.0%	6.3%	6.2%	5.5%	6.4%	5.7%
Xenia	2,864	246	8.6%	7.1%	212	7.4%	225	7.9%	7.7%	6.9%	6.7%	5.9%	7.1%	6.3%
AHIP	933	77	8.3%	6.6%	58	6.2%	61	6.5%	7.5%	6.6%	5.6%	5.0%	5.9%	5.2%
Sotherly Hotels	456	34	7.6%	6.5%	30	6.6%	33	7.2%	6.8%	6.1%	5.9%	5.2%	6.5%	5.8%
Maximum			11.2%	8.4%		8.3%		8.8%	10.1%	8.9%	7.5%	6.7%	7.9%	7.0%
Weighted Average			8.1%	7.4%		6.9%		7.4%	7.3%	6.5%	6.2%	5.5%	6.7%	5.9%
Minimum			5.4%	6.0%		5.8%		6.0%	4.8%	4.3%	5.2%	4.6%	5.4%	4.8%
Note: Does not add back corporate G&A which negatively affects EBITDA and NOI assumptions														
Note: Debt and Preferred are included in Enterprise Value at par														
(1) For each year, NOI is adjusted by -10.0% and -20.0%; this adjusted NOI is utilized to calculate an implied cap rate														
(2) Based on FF&E Reserve of 4.0 percent of revenue														
(3) Per JF Capital Internal Comparables Overview dated 12/31/2019														
Source: JF Capital Advisors January 2023														

As indicated, the public hotel REITs are currently trading at implied cap rates on 2019 NOI levels ranging from 5.4 percent to 11.2 percent with an average of 8.1 percent.

Conclusion

Since the significant decline in lodging industry fundamentals in early 2020, there is now a general sense of optimism among lodging market participants as it relates to the ongoing recovery. There has been varying levels of recovery in different markets across the United States. The combination of the recent demand shock, lingering effects of the virus relative to increased positive cases related to variants, increasing wage mandates and other operating costs continue to put pressure on operating margins during the recovery period for many hotels, particularly in the Top-25 major markets. However, many emerging markets are now exhibiting peak performance in 2021 and 2022, suggesting changes in travel patterns and consumer perception/trends.

The near-term outlook continues to evolve rapidly and although the duration of full recovery from the pandemic is unknown at this time, it is important to consider that hotel fundamentals have historically rebounded relatively quickly after a decline. The industry has experienced travel disruptions in the past and it is expected that the current disruption will ultimately be temporary in nature when considering the typical holding period and long-term cash flow projections of hotel real estate. Therefore, there is guarded optimism regarding recovery and future growth, however, underwriting practices will likely consider existing external factors, including interest rate increases, as well as the potential of future market disruptions and economic cycles.

Competitive Lodging Market Analysis

Primary Competitive Set Profile				Segmentation			Amenities				
Hotel	Location	Year Built	No. of Rooms	Commercial	Meeting & Group	Leisure	Total Meeting Space (Sq. Ft.)	Meeting Space per Key (Sq. Ft.)	Restaurant	Lounge	Indoor Pool
Margaritaville Resort Times Square (Subject)	560 7th Ave, New York, NY	2021	234	40%	15%	45%	250	1	X	X	X
Royalton New York	44 West 44th Street, New York, NY	1900	168	40%	10%	50%	1,500	9	X	X	X
Kimpton The Muse	130 West 46th Street, New York, NY	2000	200	50%	15%	35%	1,350	7	X	X	X
Hilton Garden Inn New York Times Square Central	136 W 42nd St, New York, NY	2014	282	55%	20%	25%	-	-	X	X	X
Archer Hotel New York	45 West 38th Street, New York, NY	2014	180	25%	10%	65%	-	-	X	X	
LUMA Hotel Times Square	120 West 41st Street, New York, NY	2017	130	15%	15%	70%	-	-	X	X	
Renaissance New York Midtown Hotel	218 West 35th Street, New York, NY	2016	348	50%	20%	30%	3,509	10	X	X	X
Totals / Averages			1,542	42%	16%	42%	6,609	4.3			

Property Information			Estimated 2019			Estimated 2022		
Hotel	No. of Keys	Competitive Rooms	Occupancy	Average Rate	RevPAR	Occupancy	Average Rate	RevPAR
Margaritaville Resort Times Square (Subject)	234	234	0.0%	\$0.00	\$0.00	75.7%	\$292.14	\$221.23
Royalton New York	168	168	85% - 90%	\$255 - \$265	\$220 - \$230	60% - 65%	\$270 - \$280	\$170 - \$180
Kimpton The Muse	200	200	90% - 95%	\$295 - \$315	\$270 - \$280	75% - 80%	\$290 - \$310	\$220 - \$230
Hilton Garden Inn New York Times Square Central	282	282	95% - 100%	\$250 - \$260	\$245 - \$255	85% - 90%	\$280 - \$290	\$250 - \$260
Archer Hotel New York	180	180	85% - 90%	\$270 - \$290	\$245 - \$255	80% - 85%	\$305 - \$325	\$245 - \$255
LUMA Hotel Times Square	130	130	90% - 95%	\$305 - \$325	\$285 - \$295	80% - 85%	\$345 - \$365	\$290 - \$300
Renaissance New York Midtown Hotel	348	348	90% - 95%	\$315 - \$335	\$285 - \$295	80% - 85%	\$360 - \$380	\$290 - \$300
Totals / Averages	1,542	1,542	92%	\$289.97	\$266.26	79%	\$316.31	\$248.89

Property Information			Estimated 2019			Estimated 2022		
Hotel	No. of Keys	Competitive Rooms	Occupancy Penetration	ADR Penetration	RevPAR Penetration	Occupancy Penetration	ADR Penetration	RevPAR Penetration
Margaritaville Resort Times Square (Subject)	234	234	0%	0%	0%	96%	92%	89%
Royalton New York	168	168	93% - 98%	87% - 91%	83% - 86%	76% - 83%	86% - 89%	68% - 72%
Kimpton The Muse	200	200	98% - 104%	103% - 106%	101% - 105%	95% - 102%	94% - 97%	88% - 92%
Hilton Garden Inn New York Times Square Central	282	282	104% - 109%	86% - 90%	92% - 96%	108% - 114%	89% - 92%	100% - 105%
Archer Hotel New York	180	180	93% - 98%	95% - 98%	92% - 96%	102% - 108%	98% - 101%	98% - 102%
LUMA Hotel Times Square	130	130	98% - 104%	106% - 110%	107% - 111%	102% - 108%	111% - 114%	117% - 121%
Renaissance New York Midtown Hotel	348	348	98% - 104%	110% - 114%	107% - 111%	102% - 108%	115% - 118%	117% - 121%
Totals / Averages	1,542	1,542	100%	100%	100%	100%	100%	100%

*Please note that the subject property opened in 2021.

Occupancy & Average Daily Rate Projections

Historical Supply and Demand Analysis

In 2020, the competitive market experienced a decline in both occupancy and average rate, due mostly to the rapid and drastic impact of COVID-19. Similar to other major cities in the country, New York City and its surrounding area were severely impacted given the substantial decline of domestic and international travel, as well as the State of New York placing a State of Emergency on March 7, 2020 and also issuing a stay-at-home policy from March 22, 2020 to June 8, 2020 for New York City. However, in 2021 the market showed signs of recovery and in 2022, the market benefited from significant increases in ADR driven by demand from pent-up leisure travelers. While occupancy is still below historical figures as borders are now open and most travel restrictions/requirements have mostly been removed (such as testing and vaccine proof), we anticipate occupancy to continue to recover and ADR to normalize.

The following tables and charts present historical trends in the performance of the primary competitors.

STR Annual Report										
Year	Supply	% Change	Demand	% Change	Occupancy	% Change	ADR	% Change	RevPAR	% Change
2019	1,308	0.0%	438,377	-	91.8%	-	\$289.97	-	\$266.26	-
2020	1,308	0.0%	231,753	-47.1%	48.5%	-47.1%	\$189.35	-34.7%	\$91.92	-65.5%
2021	1,426	9.0%	305,204	31.7%	58.6%	20.8%	\$236.90	25.1%	\$138.92	51.1%
2022	1,542	8.1%	442,870	45.1%	78.7%	34.2%	\$316.31	33.5%	\$248.89	79.2%
CAGR		22.9%		0.3%		-5.0%		2.9%		-2.2%
Feb 23										
YTD 2022	1,542	-	43,348	-	47.6%	-	\$186.95	-	\$89.07	-
YTD 2023	1,542	0.0%	65,467	51.0%	72.0%	51.0%	\$215.75	15.4%	\$155.25	74.3%
TTM 2022	1,464	-	318,285	-	59.6%	-	\$233.30	-	\$138.98	-
TTM 2023	1,542	5.3%	464,989	46.1%	82.6%	38.7%	\$314.21	34.7%	\$259.59	86.8%

STR Monthly Report Table						
Month	Occ	% Change	ADR	% Change	RevPAR	% Change
Jan-21	25.4%	-	\$153.11	-	\$38.84	-
Feb-21	30.1%	-	\$157.28	-	\$47.40	-
Mar-21	27.4%	-	\$193.23	-	\$52.95	-
Apr-21	38.1%	-	\$185.92	-	\$70.86	-
May-21	46.5%	-	\$180.85	-	\$84.15	-
Jun-21	64.2%	-	\$197.63	-	\$126.86	-
Jul-21	60.9%	-	\$209.74	-	\$127.75	-
Aug-21	60.8%	-	\$204.31	-	\$124.32	-
Sep-21	62.0%	-	\$242.47	-	\$150.42	-
Oct-21	69.8%	-	\$253.69	-	\$177.01	-
Nov-21	81.0%	-	\$267.31	-	\$216.65	-
Dec-21	81.5%	-	\$331.77	-	\$270.46	-
Jan-22	38.8%	52.8%	\$180.91	18.2%	\$70.12	80.6%
Feb-22	57.5%	90.7%	\$191.46	21.7%	\$110.06	132.2%
Mar-22	77.3%	182.1%	\$235.29	21.8%	\$181.86	243.5%
Apr-22	84.8%	122.6%	\$302.63	62.8%	\$256.77	262.3%
May-22	84.1%	80.8%	\$327.92	81.3%	\$275.88	227.9%
Jun-22	87.4%	36.2%	\$333.13	68.6%	\$291.26	129.6%
Jul-22	82.2%	34.9%	\$291.28	38.9%	\$239.33	87.3%
Aug-22	84.5%	38.8%	\$269.60	32.0%	\$227.76	83.2%
Sep-22	90.2%	45.4%	\$381.51	57.3%	\$344.12	128.8%
Oct-22	87.2%	25.0%	\$371.30	46.4%	\$323.77	82.9%
Nov-22	81.8%	0.9%	\$342.99	28.3%	\$280.49	29.5%
Dec-22	87.4%	7.2%	\$432.16	30.3%	\$377.56	39.6%
Jan-23	70.8%	82.7%	\$215.82	19.3%	\$152.81	117.9%
Feb-23	73.2%	27.4%	\$215.67	12.6%	\$157.94	43.5%

STR Day of Week Occupancy								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
2022	69.1%	73.8%	80.4%	81.7%	79.6%	81.3%	84.8%	78.7%
TTM - Feb 2022	53.8%	50.6%	54.7%	56.6%	58.7%	67.9%	74.8%	59.6%
TTM - Feb 2023	72.6%	78.2%	84.9%	86.1%	83.0%	84.8%	88.7%	82.6%
Average:	65.2%	67.5%	73.3%	74.8%	73.8%	78.0%	82.7%	73.6%

STR Day of Week ADR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
2022	\$255.04	\$293.74	\$334.60	\$341.24	\$311.76	\$322.48	\$342.44	\$316.31
TTM - Feb 2022	\$207.02	\$217.90	\$227.31	\$228.49	\$227.11	\$252.78	\$258.05	\$233.30
TTM - Feb 2023	\$256.39	\$292.12	\$329.96	\$338.02	\$308.81	\$319.90	\$342.10	\$314.21
Average:	\$239.48	\$267.92	\$297.29	\$302.58	\$282.56	\$298.38	\$314.20	\$287.94

Recently Opened/Proposed Supply

Per our research and discussions with various market participants and municipal officials, there are three recently opened and proposed hotels that we have incorporated as directly competitive with the subject market, which include the Hard Rock Hotel Times Square (recently opened), TSX Broadway (Tempo by Hilton) (proposed), and Motto New York City Times Square (proposed).

Competitive Supply:

- **Hard Rock Hotel Times Square** opened in June 2022 at 151-161 West 48th Street. The 446-room property features amenities inclusive of a 17,983 square foot sub-grade entertainment venue; a restaurant, lobby lounge, and rooftop bar; Rock Shop retail shop and grab & go; approximately 1,465 square feet of dedicated meeting space; and a fitness center.
- Hilton will debut its first Tempo-branded hotel located at the new TSX Broadway at 1568 Broadway. Upon completion in July of 2023, the **Tempo by Hilton** is anticipated to feature 669 keys. Amenities will include a fitness center and an 11th-floor open-sky lobby with coworking spaces, a signature restaurant, a bar and lounge, and an outdoor dining terrace overlooking Times Square. This hotel is considered to be partially competitive with the subject property upon opening.
- The **Motto New York City Times Square** hotel is proposed for 154 West 48th Street, located less than one mile from the subject property. The 374-key hotel is part of a tri-branded property which will consist of the Motto, a 358-room Hampton Inn, and a 288-room Home2 Suites by Hilton (*please note that we do not consider the other two properties to be competitive with the subject given their service-level, chain-scale, and amenities*). Upon completion in July 2023, the hotel will also feature a three-meal restaurant and bar, a rooftop bar and terrace, and a fitness center. This hotel is considered to be partially competitive with the subject property upon opening.

The competitive supply is summarized in the table below:

Competitive New Supply					
Name	Address	Number of Keys	Distance (Miles)	Percent Competitive	Opened / Anticipated Opening
<u>Recently Opened / Proposed New Supply</u>					
Hard Rock Hotel Times Square	151-161 West 48th Street	446	0.9	100%	Apr-22
TSX Broadway (Tempo by Hilton)	1568 Broadway	669	0.7	50%	Jul-23
Motto New York City Times Square	154 West 48th Street	374	0.9	50%	Jun-23

The phase-in of keys is calculated in the table below:

Competitive New Supply Phase-In						
Fiscal Year Ending:	2023	2024	2025	2026	2027	2028
Hard Rock Hotel Times Square	446	446	446	446	446	446
TSX Broadway (Tempo by Hilton)	169	335	335	335	335	335
Motto New York City Times Square	110	187	187	187	187	187
Total	724	968	968	968	968	968

Demand Analysis

The following section summarizes our analysis and projection of demand in each of the market segments: commercial, meeting & group, and leisure.

Commercial Demand arises from individuals who are conducting business and visiting various firms in the subject's market area. Commercial/corporate demand is strongest Monday through Thursday nights, declining significantly on Friday and Saturday, and increasing somewhat on Sunday. Commercial/corporate travelers' typical length of stay ranges from one to three days, and this demand is relatively constant throughout the year, although some declines are noticeable in late December and during other holiday periods.

New York City is the business and financial capital of the United States, and serves as a world financial and business center, along with London and Tokyo, as well as being home to more "Fortune 500" firms than any other city in the nation. Additionally, New York is the home of three of the nation's five largest commercial banks, all of the most prominent investment banks, the two major stock exchanges, and all three of the major television networks. Together with Los Angeles, New York is also a major center of the entertainment industry and serves as one of the world's fashion capitals. This high concentration of business activity creates substantial hotel room night demand. As a result, the commercial segment represents the largest segment of the New York City lodging market and accounts for a major portion of transient demand.

The subject market draws corporate demand from the numerous headquarters and regional offices, as well as local commercial businesses in Midtown Manhattan and Times Square. The immediate area is home to a plethora of corporations, including the headquarters of Barclays, Reuters, Ernst & Young, BlackRock, KPMG, NBC Studios, General Electric, Citi Bank, CBS, and The Blackstone Group. There is also notable presence from companies such as Sony, Tishman Speyer, Cantor Fitzgerald, and Guggenheim Partners.

Meeting & Group Demand includes groups who reserve blocks of rooms for meetings, seminars, trade association shows, and other similar gatherings of ten or more persons. Group meetings and convention demand is typically strongest during the spring and fall months, while the summer months represent the slowest period for this market segment, and the winter demand varies. Meeting and group travelers typically achieve an average length of stay of three to five days. Historically, most corporate groups met on weekdays and social groups used the weekend periods. However, in the recent past the corporate group booking trends have changed to include some or all of the weekend. Many corporate groups, as a cost containment measure have been utilizing weekend meetings, which usually result in lower airfares and hotel room rates, especially in non-resort markets.

We have included a segment known as MICE (Meetings, Incentives, Conferencing and Exhibitions) as well as SMERF (Social, Military, Educational, Religious, and Fraternal). Room nights from the MICE group consist of groups associated with corporate meetings, conferences and events, as well as incentive travel.

Room nights from the SMERF group usually consist of groups such as youth athletic teams and church groups, among a variety of others. Consistent with most group bookings, the SMERF group usually garners a lower room night rate, but offsets rate loss with greater occupancy levels.

The Manhattan hotel market includes many hotels able to accommodate traditional meeting and group business. Additionally, we have included in the meeting and group segment the hotel's ability to capture a portion of group-oriented business affiliated with a segment known as MICE (Meetings, Incentives, Conferencing and Exhibitions) as well as SMERF (Social, Military, Educational, Religious and Fraternal). Room nights from the MICE group consist of groups associated with corporate meetings, conferences and events, as well as incentive travel. Room nights from the SMERF group usually consist of groups such as athletic teams, and church groups among a variety of others. Consistent with most group bookings, the SMERF group usually garners a lower room night rate, but offsets rate loss with greater occupancy levels.

Group and meeting demand in the immediate subject market is driven primarily by local business meetings during the weekdays, as well as leisure travel during the weekends. The subject market also achieves a great deal of tour and travel and other forms of package deals which particularly cater to international tourists as the subject market represents an iconic New York City neighborhood.

Leisure Demand consists of individual tourists and families visiting the attractions of a local market and/or passing through en-route to other destinations. Leisure demand is strongest Friday and Saturday nights, holiday periods and the summer months. These peak periods generally are negatively correlated with commercial and meeting & group demand. The spring is also a prime period for weddings and other social activities.

Leisure demand levels tend to vary based on the overall economy, due to changes in levels of disposable income, coupled with the strength or weakness of the U.S. dollar, as a strong dollar promotes domestic travel whereas a weak dollar promotes international travel to the United States. Future leisure demand is related to the overall economic health of the nation and more recently, to the world economy. As economic indicators improve, average rate is expected to increase, following the return of occupancy levels. New York remains a leading global city; it exerts a powerful influence over worldwide commerce, finance, culture, fashion and entertainment. As host of United Nations headquarters, New York is also an important center for international affairs.

New York City is one of the nation's premier tourist destinations. According to NYC & Company, New York City has achieved record-breaking visitation levels in the ten years preceding the onset of the COVID-19 pandemic. Attractions for leisure travelers include: Times Square, The Theater District, Rockefeller Center, Top of the Rock, Central Park, Empire State Building, Bryant Park, Herald Square, United Nations Headquarters, SoHo, Wall Street, and the September 11th Memorial amongst many others. There are also an abundance of theater options, comedy shows, and other themed attractions such as M&M World, the Disney store, Toys R Us, Madame Tussauds' Wax Museum, Planet Hollywood and B.B. King's. The subject is a full-service hotel, located less than a mile from Moynihan Train Hall and thus is an excellent and convenient option for leisure travelers visiting Manhattan.

Projected Segmented Demand												
Projected Segmented Demand												
Segment	Base Year	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	12/31/2033
Commercial												
Annual Growth		25.0%	15.0%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Base Demand	517.4	646.7	743.8	780.9	780.9	780.9	780.9	780.9	780.9	780.9	780.9	780.9
Annual Room Nights	188,850	236,063	272,216	285,046	285,046	285,046	285,827	285,046	285,046	285,046	285,827	285,046
Displaced Demand		14,031	18,794	18,743	18,743	18,743	18,794	18,743	18,743	18,743	18,794	18,743
Induced Demand		26,317	34,902	34,807	34,807	34,807	34,902	34,807	34,807	34,807	34,902	34,807
Total Segment Demand	188,850	276,410	325,912	338,595	338,595	338,595	339,523	338,595	338,595	338,595	339,523	338,595
Competitive New Supply		110,821	151,185	150,772	150,772	150,772	151,185	150,772	150,772	150,772	151,185	150,772
Meeting & Group												
Annual Growth		20.0%	20.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Base Demand	196.1	235.3	282.3	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8	290.8
Annual Room Nights	71,568	85,881	103,340	106,149	106,149	106,149	106,440	106,149	106,149	106,149	106,440	106,149
Displaced Demand		5,317	7,122	7,103	7,103	7,103	7,122	7,103	7,103	7,103	7,122	7,103
Induced Demand		11,540	14,409	14,370	14,370	14,370	14,409	14,370	14,370	14,370	14,409	14,370
Total Segment Demand	71,568	102,738	124,871	127,622	127,622	127,622	127,971	127,622	127,622	127,622	127,971	127,622
Competitive New Supply		47,793	61,278	61,110	61,110	61,110	61,278	61,110	61,110	61,110	61,278	61,110
Leisure												
Annual Growth		35.0%	10.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Base Demand	500.1	675.2	742.7	742.7	742.7	742.7	742.7	742.7	742.7	742.7	742.7	742.7
Annual Room Nights	182,546	246,437	271,824	271,081	271,081	271,081	271,824	271,081	271,081	271,081	271,824	271,081
Displaced Demand		13,562	18,167	18,117	18,117	18,117	18,167	18,117	18,117	18,117	18,167	18,117
Induced Demand		25,238	32,874	32,784	32,784	32,784	32,874	32,784	32,784	32,784	32,874	32,784
Total Segment Demand	182,546	285,238	322,865	321,982	321,982	321,982	322,865	321,982	321,982	321,982	322,865	321,982
Competitive New Supply		105,742	141,642	141,255	141,255	141,255	141,642	141,255	141,255	141,255	141,642	141,255
	Base Year	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	12/31/2033
Projected Segmented Demand Totals												
Commercial	188,850	276,410	325,912	338,595	338,595	338,595	339,523	338,595	338,595	338,595	339,523	338,595
Meeting & Group	71,568	102,738	124,871	127,622	127,622	127,622	127,971	127,622	127,622	127,622	127,971	127,622
Leisure	182,546	285,238	322,865	321,982	321,982	321,982	322,865	321,982	321,982	321,982	322,865	321,982
Total Market Demand	442,964	664,386	773,648	788,199	788,199	788,199	790,359	788,199	788,199	788,199	790,359	788,199
% Change		50.0%	16.4%	1.9%	0.0%	0.0%	0.3%	-0.3%	0.0%	0.0%	0.3%	-0.3%
Market Statistics												
Existing Rooms Supply	1,542	1,542	1,542	1,542	1,542	1,542	1,542	1,542	1,542	1,542	1,542	1,542
Proposed Rooms Supply	0	724	968	968	968	968	968	968	968	968	968	968
Total Available Room Nights	562,830	827,186	918,477	915,968	915,968	915,968	918,477	915,968	915,968	915,968	918,477	915,968
Market-Wide Occupancy	79%	80%	84%	86%	86%	86%	86%	86%	86%	86%	86%	86%

Projected Occupancy and Average Daily Rate

A hotel's ability to generate room revenue is determined by two operating statistics: annual occupancy rate and average daily room rate. In most markets, a room night analysis may be performed to quantify and forecast room night demand. The occupancy of a given hotel may be projected based on its relative competitiveness with other hotels and its penetration through the market. Individual lodging facilities may operate above or below the area-wide occupancy or average rate, depending upon the particular attributes of the property.

Review of Historical Operating Performance

The below table summarizes the subject's occupancy, average daily rate, and revenue per available room since opening in July 2021. Please note the data presented below is derived from the subject's STR reports.

Subject Historical Operating Metrics						
Year	Occ. %	%	ADR	%	RevPAR	%
2021	42.53%	-	\$265.30	-	\$112.84	-
2022	75.73%	78.0%	\$292.14	10.1%	\$221.23	96.1%
YTD Feb 2022	27.65%	-	\$191.17	-	\$52.85	-
YTD Feb 2023	68.88%	149.1%	\$176.43	-7.7%	\$121.53	129.9%
TTM Feb 2023	82.39%		\$281.98		\$232.33	

Penetration Factor Analysis

The projected market share of the subject property is based on a penetration factor analysis. A penetration factor is the ratio between a property's market share and its fair share. Penetration factors were used to project the subject property's ability to capture room night demand. A hotel's fair share of lodging demand is equal to its number of rooms divided by the total competitive supply of rooms. If the subject property were to capture its fair share of the room night demand, it would penetrate the market by 100 percent. A penetration factor above or below 100 percent indicates a hotel's greater or lesser ability to compete in the marketplace.

Total penetration level for the subject property is estimated to be 105% at stabilization. Due to the current condition, location, branding, product offering and historical performance of the subject property, we determine this to be a reasonable estimate.

The following table illustrates our estimated penetration rates over the projection period and resultant occupancy levels:

Margaritaville Resort Times Square												
	Historical	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	12/31/2033
Subject Property's Fair Share												
Market Supply Room	1,542	2,266	2,510	2,510	2,510	2,510	2,510	2,510	2,510	2,510	2,510	2,510
Subject Property Room Count	234	234	234	234	234	234	234	234	234	234	234	234
Fair Share	15.2%	10.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%
Room Nights Captured by Subject												
Commercial												
Fair Share	15.2%	10.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%
Penetration Factor	90.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Market Share	13.7%	10.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%
Demand	188,850	276,410	325,912	338,595	338,595	338,595	339,523	338,595	338,595	338,595	339,523	338,595
Market Share	13.7%	10.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%
Capture	25,871	28,540	30,390	31,573	31,573	31,573	31,659	31,573	31,573	31,573	31,659	31,573
Meeting & Group												
Fair Share	15.2%	10.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%
Penetration Factor	89.3%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Market Share	13.6%	9.3%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
Demand	71,568	102,738	124,871	127,622	127,622	127,622	127,971	127,622	127,622	127,622	127,971	127,622
Market Share	13.6%	9.3%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
Capture	9,702	9,547	10,479	10,710	10,710	10,710	10,739	10,710	10,710	10,710	10,739	10,710
Leisure												
Fair Share	15.2%	10.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%
Penetration Factor	105.1%	110.0%	110.0%	115.0%	115.0%	115.0%	115.0%	115.0%	115.0%	115.0%	115.0%	115.0%
Market Share	15.9%	11.4%	10.3%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%
Demand	182,546	285,238	322,865	321,982	321,982	321,982	322,865	321,982	321,982	321,982	322,865	321,982
Market Share	15.9%	11.4%	10.3%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%
Capture	29,105	32,397	33,116	34,527	34,527	34,527	34,622	34,527	34,527	34,527	34,622	34,527
Total Capture	64,678	70,485	73,986	76,810	76,810	76,810	77,020	76,810	76,810	76,810	77,020	76,810
Subject Property Projected Occupancy												
Room Nights Captured	64,678	70,485	73,986	76,810	76,810	76,810	77,020	76,810	76,810	76,810	77,020	
Available Room Nights	85,410	85,410	85,644	85,410	85,410	85,410	85,644	85,410	85,410	85,410	85,644	
Occupancy	76%	83%	86%	90%	90%	90%	90%	90%	90%	90%	90%	
Fiscal Year Adjusted Room Nights Captured	64,678	71,500	74,530	76,810	76,810	77,020	76,810	76,810	76,810	77,020	76,810	
Fiscal Year Occupancy		83%	87%	90%	90%	90%	90%	90%	90%	90%	90%	
Overall Market Share		11%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
Overall Penetration		102%	102%	105%	105%	105%	105%	105%	105%	105%	105%	

Average Daily Rate Projection

Estimated Competitive ADR - 2022		
Property	ADR	RevPAR
Margaritaville Resort Times Square (Subject)	\$292.14	\$221.23
Royalton New York	\$270 - \$280	\$170 - \$180
Kimpton The Muse	\$290 - \$310	\$220 - \$230
Hilton Garden Inn New York Times Square Central	\$280 - \$290	\$250 - \$260
Archer Hotel New York	\$305 - \$325	\$245 - \$255
LUMA Hotel Times Square	\$345 - \$365	\$290 - \$300
Renaissance New York Midtown Hotel	\$360 - \$380	\$290 - \$300
Market Average	\$316.31	\$248.89
Subject Actual ADR - 2022	\$292.14	

We have utilized the subject's year-end 2022 average daily rate (ADR) of \$292.14 as the base for our analysis, and applied a 10.00% decrease for the first 3 month(s) of 2023 in consideration of the actual year-to-date performance, the trailing twelve-month average daily rate (ADR) of \$281.98, and in order to align with the projection year.

When projecting ADR growth going forward, we considered the specific location of the assets, in addition to branding, amenities offered, target market, and quality/condition of the product. The property is anticipated to continue its ramp up in the market as it was hindered by the impact of the pandemic. The subject's stabilized deflated rate is lower than the the LUMA Hotel Times Square and the Renaissance New York Midtown Hotel.

Going forward, average daily rate is forecasted to increase by 10.00% in Year 1, 15.00% in Year 2, and 5.00% in Year 3 of the projection period. In the subsequent years, average daily rate is forecasted to increase at the underlying rate of inflation of 3.00% per year. A discussion of our inflation forecast is included in the Income Capitalization Approach section of this report. The projections are based on overall market trends and expectations of local operators, taking into account the subject's location, projected occupancy levels, very good condition, and Margaritaville by Margaritaville Holdings LLC brand affiliation.

Subject Projected ADR		
Year	ADR Growth	Projected ADR
Actual ADR (2022)		\$292.14
<i>TTM / Fiscal Year Adjustment</i>	<i>-10.0%</i>	<i>\$284.84</i>
4/1/2023 - 3/31/2024	10.0%	\$313.32
4/1/2024 - 3/31/2025	15.0%	\$360.32
4/1/2025 - 3/31/2026	5.0%	\$378.34
4/1/2026 - 3/31/2027	3.0%	\$389.69
4/1/2027 - 3/31/2028	3.0%	\$401.38
4/1/2028 - 3/31/2029	3.0%	\$413.42
4/1/2029 - 3/31/2030	3.0%	\$425.82
4/1/2030 - 3/31/2031	3.0%	\$438.59
4/1/2031 - 3/31/2032	3.0%	\$451.75
4/1/2032 - 3/31/2033	3.0%	\$465.31
4/1/2033 - 3/31/2034	3.0%	\$479.26
4/1/2034 - 3/31/2035	3.0%	\$493.64
4/1/2035 - 3/31/2036	3.0%	\$508.45
4/1/2036 - 3/31/2037	3.0%	\$523.71
4/1/2037 - 3/31/2038	3.0%	\$539.42

The operating performance of the subject hotel is projected in terms of annual guestroom occupancy and average daily room rate. Based on the previously concluded occupancy and average room rate, the subject's room revenue is projected as illustrated below.

Occupancy, ADR, RevPAR and Rooms Revenue Conclusions			
Projection Year:	1	2	3
Fiscal Year Ending March 31:	2024	2025	2026
Number of Days in Year:	366	365	365
Number of Rooms:	234	234	234
Annual Available Rooms:	85,644	85,410	85,410
Occupied Rooms:	71,085	74,307	76,869
Annual Occupancy:	83.00%	87.00%	90.00%
Average Rate:	\$313.32	\$360.32	\$378.34
RevPAR:	\$260.06	\$313.48	\$340.50
Rooms Revenue	\$22,272,344	\$26,774,190	\$29,082,310

Occupancy and Average Daily Rate Conclusion

Given the hotel's location, the complementary demand generators and amenities within the area, and the quality and size of the property, it has been assumed that the 105% occupancy penetration is reasonable for the subject hotel upon stabilization. Hence, we stabilized the subject hotel's occupancy at 90% as of April 1, 2025. We also believe the subject's \$378.34 stabilized ADR and \$340.50 RevPAR in year three to be reasonable and appropriate given the subject's location, branding, size (key count), facilities, amenities and level of service.

Valuation Process

Three approaches are generally used to estimate market value: the income capitalization, sales comparison, and cost approaches. These approaches may indicate different results that must be reconciled in deriving the final estimate. In estimating the value of the subject property, we attempted to re-create the thought processes and analyses that potential buyers of such a property would use. The most likely buyers for this property would rely primarily upon a discounted cash flow analysis of the anticipated income stream from the property. The sales comparison approach and cost approach were employed as secondary and supportive techniques.

Income Capitalization Approach

The Income Capitalization Approach reflects the subject's income-producing capabilities. The two common valuation techniques associated with the Income Capitalization Approach are direct capitalization and the discounted cash flow (DCF) analysis.

The Income Capitalization Approach, utilizing the discounted cash flow technique, measures the present value of projected income flows and the reversion of the property sale. Like the other approaches, the income approach requires extensive market research, which provides information about trends and market anticipation. After income and expenses are estimated, the income stream is capitalized by applying an appropriate rate or factor, and converted into present value through discounting. The quantity, variability, timing and duration of a set of periodic incomes and the quantity and timing of the reversion are specified and discounted to a present value at a specified yield rate. The rates used for capitalization or discounting are derived from acceptable rates of return for similar properties.

Our experience with hotel investors indicates that the methodology used in estimating market value by the Income Capitalization Approach is comparable to that employed by typical hotel and motel investors. For this reason, the Income Capitalization Approach produces the most supportable market value opinion, and it generally is given the greatest weight in the hotel valuation process.

Sales Comparison Approach

The Sales Comparison Approach is most useful when a number of similar properties have recently been sold or are currently for sale in the subject property market. A value indication is produced by comparing the subject property with similar properties. This approach is accomplished by estimating the degree of similarity or difference between the subject property and the comparable sales by considering various elements of comparison. The sale prices of the properties that are judged to be most comparable tend to indicate a range in which the value for the subject property will fall.

The Sales Comparison Approach may provide a useful value opinion in the case of simple forms of real estate such as vacant land and single-family homes, where the properties are homogeneous and the adjustments are few and relatively simple to compute. In the case of complex investments such as lodging facilities, where the adjustments are numerous and more difficult to quantify, the Sales Comparison Approach loses a large degree of reliability.

Hotel investors typically do not employ the Sales Comparison Approach in reaching their final purchase decisions. Factors such as the lack of recent comparable sales data and the numerous adjustments that are necessary often make the results of the Sales Comparison Approach questionable. Although the Sales

Comparison Approach may provide a range of values that supports the final opinion of value, reliance on this approach beyond the establishment of broad parameters is rarely justified by the quality of the sales data.

As a consultant, one attempts to mirror the actions of the marketplace. In that our experience indicates that sophisticated hotel investors depend largely on financial considerations when making final purchase decisions, we generally do not give the Sales Comparison Approach strong consideration in the hotel consulting process beyond establishing a probable range of value.

Income Capitalization Approach

The Income Capitalization Approach is a method used to convert the anticipated economic benefits of property ownership into a value estimate through a capitalization process. The two most common methods of converting net income into value are the direct capitalization technique, where an overall rate is extracted directly from pertinent market sales, and the discounted cash flow technique, wherein anticipated future income streams and a reversionary value are discounted to a present value estimate.

In valuing the subject property, we believe that potential investors looking to acquire a property such as the subject would place greater emphasis on the second technique that takes into consideration expected streams of income and residual proceeds from a hypothetical sale at the end of the holding period.

Comparable Analysis – Industry Averages & Comparable Hotels

In order to bolster our forecast for the subject property, we have analyzed the operating performance of the subject versus hotel industry averages and various comparable hotels.

Illustrated on the following page are aggregate averages for four selected property descriptive categories from the 2020 HOST Almanac, published by STR. This 2020 HOST Almanac features data from the 2019 calendar year.

Those comparative categories that were analyzed include:

Affiliation: Chain-Affiliated
Geographic Region: Middle Atlantic
Location: Urban
Price Category: Upper Upscale

We also reviewed and analyzed the 2021 Hotel Profitability Study featuring 2020 data published by STR as well as the 2022 Hotel Profitability Study featuring 2021 data published by STR. However, given the reduced revenues caused by the COVID-19 pandemic, these figures were given little consideration in determining stabilized revenue and expense figures for the subject property.

HOST Report

Margaritaville Resort Times Square HOST Comparison (HOST Almanac 2020)															
Category	Host Weighted Average			Full-Service Chain-Affiliated			Full-Service Middle Atlantic			Full-Service Urban			Full-Service Upper Upscale		
Occupancy (of Sample)	75.70%			74.48%			77.84%			75.61%			74.99%		
Average Size Of Property (Rooms)	357			312			326			384			406		
Average Daily Rate	\$213.63			\$202.53			\$238.76			\$218.35			\$196.65		
	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR
REVENUE															
Rooms Revenue	66.2%	58,968	213.63	63.9%	54,931	202.53	71.4%	67,654	238.76	67.6%	60,095	218.35	62.5%	53,737	196.65
Food & Beverage Revenue	27.3%	24,177	87.77	28.5%	24,463	90.20	23.4%	22,136	78.12	27.1%	24,100	87.57	29.9%	25,732	94.17
Other Operated Departments Revenue	6.4%	5,694	20.69	7.6%	6,563	24.20	5.3%	4,982	17.58	5.4%	4,765	17.31	7.6%	6,509	23.82
Total Revenue	100.0%	88,838	322.09	100.0%	85,956	316.92	100.0%	94,772	334.47	100.0%	88,959	323.23	100.0%	85,979	314.63
DEPARTMENTAL EXPENSES															
Rooms Expense	28.7%	17,113	61.88	26.3%	14,420	53.17	34.4%	23,270	82.12	28.2%	16,944	61.57	26.4%	14,197	51.95
Food & Beverage Expense	76.7%	18,437	66.82	71.4%	17,460	64.38	92.0%	20,374	71.90	75.8%	18,276	66.41	68.9%	17,723	64.86
Other Operated Departments Expense	68.6%	1,803	6.57	73.0%	2,604	9.60	74.2%	1,138	4.02	62.6%	1,424	5.17	66.3%	2,106	7.71
Total Departmental Expenses	41.9%	37,353	135.27	40.1%	34,484	127.14	47.3%	44,782	158.04	41.2%	36,645	133.15	39.6%	34,026	124.51
Total Departmental Profit	58.1%	51,485	186.82	59.9%	51,472	189.78	52.7%	49,990	176.43	58.8%	52,314	190.08	60.4%	51,953	190.12
UNDISTRIBUTED OPERATING EXPENSES															
Administrative & General	8.1%	7,201	26.09	7.9%	6,795	25.05	8.7%	8,219	29.01	8.1%	7,249	26.34	7.7%	6,616	24.21
Information & Telecommunications Systems	1.5%	1,319	4.78	1.4%	1,215	4.48	1.6%	1,503	5.30	1.5%	1,341	4.87	1.4%	1,225	4.48
Sales & Marketing	7.0%	6,253	22.68	7.1%	6,109	22.53	6.7%	6,344	22.39	7.2%	6,444	23.41	7.1%	6,105	22.34
Franchise Fees	1.2%	1,097	3.98	1.4%	1,200	4.43	1.2%	1,142	4.03	1.1%	952	3.46	1.3%	1,120	4.10
Utility Costs	2.8%	2,481	9.00	2.8%	2,443	9.01	2.7%	2,576	9.09	2.7%	2,434	8.84	2.9%	2,475	9.06
Property Operation & Maintenance	4.2%	3,706	13.43	4.1%	3,499	12.90	4.5%	4,264	15.05	4.0%	3,551	12.90	4.1%	3,546	12.98
Total Undistributed Operating Expenses	24.8%	22,057	79.95	24.7%	21,262	78.39	25.4%	24,048	84.87	24.7%	21,970	79.83	24.5%	21,086	77.16
Gross Operating Profit (GOP)	33.3%	29,429	106.87	35.1%	30,210	111.39	27.4%	25,942	91.55	34.1%	30,344	110.25	35.9%	30,867	112.95
Management Fee	3.5%	3,099	11.24	3.5%	3,025	11.15	3.5%	3,295	11.63	3.5%	3,108	11.29	3.5%	2,984	10.92
Income Before Fixed Charges	29.8%	26,330	95.63	31.6%	27,185	100.23	23.9%	22,647	79.93	30.6%	27,236	98.96	32.4%	27,883	102.04
Selected Fixed Charges															
Property Taxes	4.4%	3,946	14.25	3.5%	3,050	11.24	6.2%	5,923	20.90	4.4%	3,956	14.37	3.5%	2,972	10.88
Insurance	0.8%	706	2.56	0.9%	766	2.82	0.7%	636	2.25	0.8%	702	2.55	0.8%	722	2.64
Reserve For Replacement	2.6%	2,341	8.49	2.7%	2,284	8.42	2.6%	2,436	8.60	2.7%	2,358	8.57	2.7%	2,289	8.38
Hotel Cash Flow	24.6%	21,678	78.82	27.2%	23,369	86.16	17.0%	16,088	56.78	25.4%	22,578	82.04	28.1%	24,189	88.52

Margaritaville Resort Times Square Hotel Profitability Study - 2021												
Category	Host Weighted Average			Full-Service Chain-Affiliated			Urban			Upper Upscale		
Occupancy (of Sample)	23.41%			33.23%			33.00%			32.02%		
Average Daily Rate	\$117.46			\$171.58			\$156.16			\$163.46		
	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR
REVENUE												
Rooms Revenue	66.2%	16,409	169.63	64.6%	17,898	171.58	69.9%	15,467	170.07	63.9%	15,833	167.14
Food & Beverage Revenue	25.1%	6,328	65.76	24.6%	6,817	65.35	24.2%	5,525	61.93	26.6%	6,649	70.13
Other Operated Departments Revenue	9.2%	2,920	29.17	5.0%	1,379	13.22	8.1%	2,063	23.33	14.6%	5,402	51.73
Total Revenue	100.0%	24,866	246.07	100.0%	27,717	265.71	100.0%	22,025	220.43	100.0%	24,836	252.12
DEPARTMENTAL EXPENSES												
Rooms Expense	38.5%	6,278	60.55	36.1%	6,468	62.01	42.6%	6,556	63.26	36.8%	5,794	56.26
Food & Beverage Expense	98.8%	6,227	64.31	97.6%	6,655	63.80	105.9%	5,853	64.55	92.8%	6,168	64.60
Other Operated Departments Expense	90.2%	2,482	26.32	92.2%	1,272	12.20	101.3%	2,090	24.36	76.6%	4,140	43.00
Total Departmental Expenses	52.7%	13,062	129.25	51.9%	14,396	138.00	55.5%	12,231	122.41	50.5%	12,533	127.23
Total Departmental Profit	47.3%	11,805	116.82	48.1%	13,321	127.70	44.5%	9,794	98.02	49.5%	12,303	124.89
UNDISTRIBUTED OPERATING EXPENSES												
Administrative & General	15.2%	3,769	38.15	14.6%	4,042	38.75	16.6%	3,665	38.00	14.5%	3,592	37.69
Information & Telecommunications Systems	3.6%	891	9.30	3.0%	833	7.99	4.2%	944	10.39	3.6%	895	9.52
Sales & Marketing	12.4%	3,015	30.48	10.3%	2,843	27.25	13.9%	3,015	31.23	13.1%	3,193	33.05
Franchise Fees	4.2%	924	8.48	1.7%	466	4.47	5.8%	1,136	10.21	5.2%	1,180	10.88
Utility Costs	6.9%	1,680	16.43	6.1%	1,697	16.27	7.8%	1,681	16.64	7.0%	1,660	16.38
Property Operation & Maintenance	9.3%	2,297	23.04	8.5%	2,359	22.61	10.1%	2,228	22.73	9.3%	2,306	23.79
Total Undistributed Operating Expenses	46.9%	11,603	114.91	44.2%	12,240	117.34	50.7%	11,176	111.85	45.8%	11,382	115.55
Gross Operating Profit (GOP)	0.4%	202	1.91	3.9%	1,082	10.37	-6.3%	-1,382	-13.83	3.7%	921	9.34
Management Fee	2.7%	683	6.80	2.9%	796	7.63	2.6%	580	5.94	2.7%	673	6.82
Income Before Fixed Charges	-2.3%	-476	-4.79	1.0%	286	2.74	-8.8%	-1,943	-19.44	1.0%	245	2.49
Selected Fixed Charges												
Property Taxes	13.8%	3,359	32.68	10.6%	2,936	28.14	18.4%	4,113	40.55	12.2%	3,020	29.29
Insurance	2.9%	746	7.10	2.7%	737	7.07	3.3%	720	6.71	2.8%	783	7.54
Reserve For Replacement	2.6%	648	7.02	1.8%	501	4.80	3.2%	707	7.98	2.9%	740	8.34
Hotel Cash Flow	-21.6%	-5,230	-51.60	-14.0%	-3,888	-37.27	-33.7%	-7,484	-74.68	-16.9%	-4,299	-42.69

Margaritaville Resort Times Square Hotel Profitability Study - 2022															
Category	Host Weighted Average			Full-Service Chain-Affiliated			Full-Service Middle Atlantic			Full-Service Urban			Full-Service Upper Upscale		
Occupancy (of Sample)	45.50%			48.46%			44.69%			42.91%			45.60%		
Average Daily Rate	\$193.51			\$196.22			\$217.03			\$186.24			\$174.40		
	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR
REVENUE															
Rooms Revenue	70.4%	31,172	193.51	67.1%	33,526	196.22	77.0%	34,500	217.03	70.4%	28,318	186.24	67.4%	28,096	174.40
Food & Beverage Revenue	21.2%	9,391	58.13	22.7%	11,349	66.42	17.9%	8,020	50.45	21.3%	8,568	56.35	22.6%	9,430	58.53
Other Operated Departments Revenue	8.4%	3,756	23.17	10.2%	5,087	29.77	5.2%	2,314	14.56	8.3%	3,337	21.95	10.0%	4,147	25.74
Total Revenue	100.0%	44,319	274.81	100.0%	49,962	292.41	100.0%	44,834	282.04	100.0%	40,223	264.54	100.0%	41,674	258.68
DEPARTMENTAL EXPENSES															
Rooms Expense	30.4%	9,522	59.25	27.3%	9,145	53.52	35.9%	12,381	77.89	30.6%	8,670	57.02	28.2%	7,923	49.18
Food & Beverage Expense	85.3%	7,934	49.19	80.3%	9,110	53.32	98.9%	7,933	49.91	85.3%	7,310	48.08	77.1%	7,273	45.14
Other Operated Departments Expense	70.4%	1,311	8.04	80.4%	2,120	12.41	67.5%	746	4.69	58.8%	938	6.17	73.5%	1,358	8.43
Total Departmental Expenses	42.3%	18,768	116.48	40.8%	20,375	119.25	47.0%	21,060	132.48	42.1%	16,918	111.26	39.7%	16,553	102.75
Total Departmental Profit	57.7%	25,552	158.33	59.2%	29,586	173.16	53.0%	23,774	149.56	57.9%	23,305	153.28	60.3%	25,120	155.93
UNDISTRIBUTED OPERATING EXPENSES															
Administrative & General	11.5%	5,101	31.70	10.5%	5,246	30.70	13.1%	5,874	36.96	11.8%	4,763	31.33	10.8%	4,507	27.97
Information & Telecommunications Systems	1.9%	844	5.25	1.7%	842	4.93	2.0%	903	5.68	2.1%	852	5.61	1.9%	781	4.85
Sales & Marketing	7.8%	3,444	21.39	7.4%	3,694	21.62	7.9%	3,527	22.19	8.2%	3,305	21.74	7.7%	3,227	20.03
Franchise Fees	1.4%	622	3.85	1.5%	741	4.34	1.3%	563	3.54	1.3%	504	3.32	1.6%	664	4.12
Utility Costs	4.7%	2,076	12.91	4.3%	2,125	12.44	4.8%	2,169	13.64	5.0%	2,014	13.25	4.8%	1,993	12.37
Property Operation & Maintenance	6.7%	2,960	18.41	5.9%	2,938	17.19	7.8%	3,510	22.08	6.8%	2,740	18.02	6.4%	2,651	16.46
Total Undistributed Operating Expenses	34.1%	15,047	93.51	31.2%	15,585	91.22	36.9%	16,546	104.09	35.2%	14,178	93.25	33.2%	13,824	85.81
Gross Operating Profit (GOP)	23.6%	10,505	64.83	28.0%	14,001	81.94	16.1%	7,228	45.47	22.7%	9,127	60.03	27.1%	11,296	70.12
Management Fee	3.3%	1,445	8.95	3.5%	1,738	10.17	3.2%	1,425	8.97	3.1%	1,257	8.27	3.2%	1,332	8.27
Income Before Fixed Charges	20.4%	9,059	55.88	24.5%	12,263	71.77	12.9%	5,803	36.50	19.6%	7,870	51.76	23.9%	9,965	61.85
Selected Fixed Charges															
Property Taxes	8.1%	3,566	22.28	5.8%	2,879	16.85	11.8%	5,285	33.25	8.7%	3,506	23.06	6.4%	2,668	16.56
Insurance	1.8%	803	4.98	1.8%	912	5.34	1.6%	723	4.55	1.9%	780	5.13	1.9%	789	4.90
Reserve For Replacement	1.3%	588	3.64	1.5%	750	4.39	1.1%	501	3.15	1.3%	542	3.56	1.3%	544	3.38
Hotel Cash Flow	9.1%	4,102	24.98	15.5%	7,722	45.20	-1.6%	-707	-4.45	7.6%	3,043	20.01	14.3%	5,964	37.02

Expense Comparables

A table detailing the operating performance of five comparable hotels is presented below. The comparable statements were taken from our proprietary database.

Margaritaville Resort Times Square Competitive Review																		
Category	Comp Weighted Average			Comp Hotel 1			Comp Hotel 2			Comp Hotel 3			Comp Hotel 4			Comp Hotel 5		
Annual Occupancy:	91%			87%			91%			89%			96%			93%		
Number of Rooms:	205			210 - 230			240 - 265			175 - 195			165 - 180			185 - 205		
Average Daily Rate:	\$301			\$241			\$245			\$378			\$268			\$394		
	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR
Revenue																		
Rooms Revenue	84.3%	99,971	300.97	56.2%	76,680	241.35	97.9%	81,661	244.94	82.6%	122,224	377.71	83.0%	93,475	268.16	99.3%	133,112	394.13
Other Operated Departments Revenue	1.1%	1,206	3.66	1.0%	1,360	4.28	2.1%	1,769	5.31	0.8%	1,239	3.83	0.5%	532	1.53	0.7%	917	2.72
Amenity/Resort Fee Revenue	1.1%	1,583	4.96	4.2%	5,665	17.83	0.0%	0	0.00	1.6%	2,403	7.43	0.0%	0	0.00	0.0%	0	0.00
Retail Lease Income	1.3%	1,866	5.77	0.0%	0	0.00	0.0%	0	0.00	7.1%	10,551	32.61	0.0%	0	0.00	0.0%	0	0.00
Food & Beverage Lease Income	0.3%	417	1.31	1.5%	2,041	6.42	0.0%	0	0.00	0.0%	0	0.00	0.0%	0	0.00	0.0%	0	0.00
Total Revenue	101.6%	123,013	372.09	101.5%	138,465	435.81	100.0%	83,431	250.25	107.1%	158,434	489.61	100.0%	112,603	323.04	100.0%	134,029	396.85
Departmental Expenses																		
Rooms Expense	34.1%	32,895	99.28	49.4%	37,897	119.28	28.1%	22,925	68.76	29.0%	35,486	109.66	39.1%	36,517	104.76	26.0%	34,576	102.37
Other Operated Departments Expense	36.9%	487	1.46	0.0%	0	0.00	67.9%	1,201	3.60	23.5%	291	0.90	9.1%	49	0.14	73.6%	675	2.00
Amenity/Resort Fee Expense	0.0%	0	0.00	0.0%	0	0.00	0.0%	0	0.00	0.0%	0	0.00	0.0%	0	0.00	0.0%	0	0.00
Total Departmental Expenses	38.0%	47,388	143.79	55.9%	77,426	243.70	28.9%	24,126	72.37	32.5%	51,483	159.10	48.2%	54,314	155.82	26.3%	35,251	104.37
Departmental Income (Loss)	63.6%	75,625	228.30	45.6%	61,038	192.12	71.1%	59,304	177.88	74.6%	106,951	330.51	51.8%	58,289	167.22	73.7%	98,779	292.47
Undistributed Operating Expenses																		
Administrative & General	7.5%	9,204	27.72	4.9%	6,656	20.95	6.5%	5,382	16.14	9.8%	14,459	44.68	9.0%	10,132	29.07	8.3%	11,083	32.82
Information & Telecommunications Systems	0.7%	780	2.33	0.6%	833	2.62	0.6%	496	1.49	0.0%	0	0.00	1.1%	1,250	3.59	1.0%	1,360	4.03
Sales & Marketing	5.9%	6,907	20.81	3.8%	5,232	16.47	8.0%	6,693	20.08	5.9%	8,726	26.97	5.7%	6,365	18.26	5.8%	7,776	23.02
Franchise Fees	1.1%	1,214	3.48	0.0%	0	0.00	0.0%	0	0.00	0.0%	0	0.00	6.1%	6,853	19.66	0.0%	0	0.00
Utility Costs	2.2%	2,686	8.13	2.2%	3,004	9.45	2.5%	2,072	6.21	2.2%	3,275	10.12	1.8%	2,062	5.91	2.4%	3,157	9.35
Property Operation & Maintenance	3.7%	4,401	13.26	3.2%	4,371	13.76	4.2%	3,505	10.51	3.3%	4,814	14.88	4.4%	4,985	14.30	3.5%	4,656	13.79
Total Undistributed Operating Expenses	21.2%	25,193	75.73	14.7%	20,094	63.25	21.8%	18,148	54.44	21.1%	31,274	96.65	28.1%	31,647	90.79	20.9%	28,033	83.00
Gross Operating Profit (GOP)	42.4%	50,432	152.57	30.8%	40,944	128.87	49.3%	41,156	123.45	53.5%	75,677	233.87	23.7%	26,642	76.43	52.8%	70,746	209.47
Fixed Charges																		
Management Fee	3.6%	4,412	13.22	2.0%	2,670	8.41	2.8%	2,336	7.01	3.2%	4,775	14.76	4.1%	4,569	13.11	6.2%	8,374	24.79
Property Taxes	8.9%	10,833	32.95	7.8%	10,590	33.33	10.6%	8,842	26.52	14.2%	20,936	64.70	5.2%	5,875	16.85	6.7%	8,949	26.50
Insurance	0.8%	1,027	3.11	0.8%	1,060	3.34	0.8%	703	2.11	1.1%	1,642	5.07	0.6%	698	2.00	0.9%	1,141	3.38
Reserve for Replacement	2.9%	3,543	10.61	0.0%	-	0.00	2.6%	2,153	6.46	4.6%	6,870	21.23	3.5%	3,935	11.29	4.2%	5,634	16.68
Total Fixed Charges	16.3%	19,816	59.89	10.5%	14,320	45.07	16.8%	14,034	42.09	23.1%	34,223	105.76	13.4%	15,076	43.25	18.0%	24,098	71.35
Hotel Cash Flow	23.5%	27,302	82.70	16.3%	21,044	66.23	32.5%	27,122	81.35	27.6%	37,361	115.46	3.0%	3,387	9.72	34.8%	46,648	138.12
NOI Adjusted for 2.36% Management and 3.15% Reserves	24.5%	28,601	86.40	12.7%	16,443	51.75	32.4%	27,012	81.02	29.9%	40,560	125.34	5.0%	5,683	16.30	39.7%	53,267	157.72

Financial Analysis

Please note that given the significant component of F&B and retail lease income of this property, we have included details regarding these specific projections below.

Retail Lease Income includes proceeds from the two retail spaces. We estimated these revenues to be 11.4% of Total Revenue or \$55.81 per occupied room (POR) in the stabilized year deflated to year one.

Revenue Analysis: Retail Lease Income						
	Occ %	ADR	\$ 1000's	% of Total Revenue	\$ per Available Room	\$ per Occupied Room
Projections						
DCF Year 1	83.0%	313.32	2,453	7.7%	10,484	34.51
DCF Stabilized	90.0%	378.34	4,688	11.4%	20,033	60.98
DCF Stabilized (Deflated)	90.0%	346.23	4,290	11.4%	18,333	55.81

The subject property features approximately 17,747 square feet of retail space contained at grade and throughout two subgrade levels, all of which is currently vacant. Please note that no plans for the vacant spaces have been provided. As such, we have assumed a typical buyer would lease both spaces at market rent.

At Grade

The at grade retail space currently consists of 5,049 square feet. This retail space was previously leased to Game Square LLC, though the company terminated their lease on December 1, 2022. According to property management the previous base rent was above market at \$750 per square foot, and the company was not a creditworthy tenant. As the economic climate proved challenging, the company was not able to proceed with its operation.

Per conversations with property ownership there is the potential to build a 1,682.87 square foot mezzanine on 1/3 of the retail space which would bring the total available retail space to 6,731.87 square feet.

Based on a review of recent comparable leases and in consideration of the current status of the market, we positioned the base rent at \$450 per square foot, increasing by 3% per annum. Given the current state of the market, we have assumed that a new lease will not be signed until July 1st, 2023. We have then assumed a 4-month rent abatement period in the first projection year as well as an increased vacancy & collection loss to consider the additional risk. We also applied a brokerage fee of 5% payable against the first and second five years of rental income. Lastly, we projected additional rent equal to the tenant's proportionate share (estimated at approximately 17%, which reflects the estimated NOI compared to total hotel NOI) of subject hotel maintenance expenses and real property tax increases over base tax year 2023/2024.

Sub-Grade

There is 12,698 square feet of sub-grade retail space. Based on the comparables and in consideration of the location within the Margaritaville Hotel and condition of the space, we positioned the base rent at \$125 per square foot. Given the current state of the market, we have assumed that a new lease will not be signed until July 1st, 2023. We have then assumed a 6-month rent abatement period in the first projection year as well as an increased vacancy & collection loss factor to consider the additional risk. We

also applied a brokerage fee of 5% payable against the first and second five years of rental income. Lastly, we projected additional rent equal to the tenant's proportionate share (estimated at approximately 9%) of subject hotel maintenance expenses and real property tax increases over base tax year 2023/2024.

Retail Lease Comparables

We considered several retail lease comparables in assessing the reasonableness of the terms of the subject agreement(s).

Retail Comparables						
Comparable	Lease Type	Lease Start Date	Term (# Years)	Rentable SF		Base Rent PSF
				Square Ft.	Location	
Comparable 1	Retail	Feb-23	10	910	Ground Floor	\$250.00
Comparable 2	Retail	Feb-23	5	700	Ground Floor	\$129.00
Comparable 3	Retail	Jan-23	10	1,200	Ground Floor	\$550.00
Comparable 4	Retail	Dec-22	15	3,916	Basement/Ground	\$350.00
Comparable 5	Retail	Aug-22	20	600	Ground Floor	\$400.00
Comparable 6	Retail	Feb-22	10	1,000	Ground Floor	\$400.00
Comparable 7	Retail	Jul-21	N/A	6,172	Ground Floor; 2nd Floor	\$800.00
Comparable 8	Retail	Jan-20	5	220	Ground Floor	\$736.00

Retail Lease Total Projections

A summary of the retail lease projections is shown below. A detailed projection is shown later in this section.

Retail Lease Projections										
Fiscal Year Ending March 31:	3/31/2024	3/31/2025	3/31/2026	3/31/2027	3/31/2028	3/31/2029	3/31/2030	3/31/2031	3/31/2032	3/31/2033
Vacant Space (previously Game Square)	\$1,740,043	\$2,684,883	\$3,076,036	\$3,168,317	\$3,263,366	\$3,361,267	\$3,462,105	\$3,565,968	\$3,672,947	\$3,783,136
Vacant Space	\$713,305	\$1,406,768	\$1,611,716	\$1,660,067	\$1,709,869	\$1,761,165	\$1,814,000	\$1,868,420	\$1,924,473	\$1,982,207
Total Retail Lease Projections	\$2,453,348	\$4,091,650	\$4,687,751	\$4,828,384	\$4,973,235	\$5,122,432	\$5,276,105	\$5,434,388	\$5,597,420	\$5,765,343

Retail Lease Detailed Projections

Retail Lease - Vacant Space (previously Game Square)															
Lease Year Ending June			Base Rent	Base Rent PSF (Total SF incl. Mezz.)	Base Rent PSF (Grade/ Existing SF Only)	Gross Rent	Vacancy & Collection Loss %	Vacancy & Collection Loss	TI / Concessions	Brokerage Fee %	Brokerage Fee Payable against:	Total Deductions	Net Rent	Total Fiscalized Rent	Total Fiscal Rent PSF
2023	-	2024	\$3,029,342	\$450	\$600	\$3,029,342	5.0%	\$151,467	\$1,009,781	5.0%	\$8,041,593	\$1,563,327	\$1,466,014		
2024	-	2025	\$3,120,222	\$464	\$618	\$3,120,222	5.0%	\$156,011		5.0%	\$8,041,593	\$558,091	\$2,562,131	\$1,740,043	\$345
2025	-	2026	\$3,213,828	\$477	\$637	\$3,213,828	5.0%	\$160,691				\$160,691	\$3,053,137	\$2,684,883	\$532
2026	-	2027	\$3,310,243	\$492	\$656	\$3,310,243	5.0%	\$165,512				\$165,512	\$3,144,731	\$3,076,036	\$609
2027	-	2028	\$3,409,551	\$506	\$675	\$3,409,551	5.0%	\$170,478				\$170,478	\$3,239,073	\$3,168,317	\$628
2028	-	2029	\$3,511,837	\$522	\$696	\$3,511,837	5.0%	\$175,592				\$175,592	\$3,336,245	\$3,263,366	\$646
2029	-	2030	\$3,617,192	\$537	\$716	\$3,617,192	5.0%	\$180,860				\$180,860	\$3,436,333	\$3,361,267	\$666
2030	-	2031	\$3,725,708	\$553	\$738	\$3,725,708	5.0%	\$186,285				\$186,285	\$3,539,423	\$3,462,105	\$686
2031	-	2032	\$3,837,479	\$570	\$760	\$3,837,479	5.0%	\$191,874				\$191,874	\$3,645,605	\$3,565,968	\$706
2032	-	2033	\$3,952,604	\$587	\$783	\$3,952,604	5.0%	\$197,630				\$197,630	\$3,754,973	\$3,672,947	\$727
2033	-	2034	\$4,071,182	\$605	\$806	\$4,071,182	5.0%	\$203,559				\$203,559	\$3,867,623	\$3,783,136	\$749
2034	-	2035	\$4,193,317	\$623	\$831	\$4,193,317	5.0%	\$209,666				\$209,666	\$3,983,651	\$3,896,630	\$772
2035	-	2036	\$4,319,117	\$642	\$855	\$4,319,117	5.0%	\$215,956				\$215,956	\$4,103,161	\$4,013,529	\$795
2036	-	2037	\$4,448,690	\$661	\$881	\$4,448,690	5.0%	\$222,435				\$222,435	\$4,226,256	\$4,133,934	\$819
2037	-	2038	\$4,582,151	\$681	\$908	\$4,582,151	5.0%	\$229,108				\$229,108	\$4,353,043	\$4,257,953	\$843
2038	-	2039	\$4,719,615	\$701	\$935	\$4,719,615	5.0%	\$235,981				\$235,981	\$4,483,635	\$4,385,691	\$869

Retail Lease - Vacant Space															
Lease Year Ending June			Base Rent	Base Rent PSF	Additional Rent	Gross Rent	Vacancy & Collection Loss %	Vacancy & Collection Loss	TI / Concessions	Brokerage Fee %	Brokerage Fee Payable against:	Total Deductions	Net Rent	Total Fiscalized Rent	Total Fiscal Rent PSF
2023	-	2024	\$1,587,250	\$125	\$0	\$1,587,250	5.0%	\$79,363	\$793,625	5.0%	\$4,213,463	\$1,083,661	\$503,589		
2024	-	2025	\$1,634,868	\$129	\$0	\$1,634,868	5.0%	\$81,743		5.0%	\$4,213,463	\$292,417	\$1,342,451	\$713,305	\$56
2025	-	2026	\$1,683,914	\$133	\$0	\$1,683,914	5.0%	\$84,196				\$84,196	\$1,599,718	\$1,406,768	\$111
2026	-	2027	\$1,734,431	\$137	\$0	\$1,734,431	5.0%	\$86,722				\$86,722	\$1,647,709	\$1,611,716	\$127
2027	-	2028	\$1,786,464	\$141	\$0	\$1,786,464	5.0%	\$89,323				\$89,323	\$1,697,141	\$1,660,067	\$131
2028	-	2029	\$1,840,058	\$145	\$0	\$1,840,058	5.0%	\$92,003				\$92,003	\$1,748,055	\$1,709,869	\$135
2029	-	2030	\$1,895,260	\$149	\$0	\$1,895,260	5.0%	\$94,763				\$94,763	\$1,800,497	\$1,761,165	\$139
2030	-	2031	\$1,952,117	\$154	\$0	\$1,952,117	5.0%	\$97,606				\$97,606	\$1,854,511	\$1,814,000	\$143
2031	-	2032	\$2,010,681	\$158	\$0	\$2,010,681	5.0%	\$100,534				\$100,534	\$1,910,147	\$1,868,420	\$147
2032	-	2033	\$2,071,001	\$163	\$0	\$2,071,001	5.0%	\$103,550				\$103,550	\$1,967,451	\$1,924,473	\$152
2033	-	2034	\$2,133,131	\$168	\$0	\$2,133,131	5.0%	\$106,657				\$106,657	\$2,026,475	\$1,982,207	\$156
2034	-	2035	\$2,197,125	\$173	\$0	\$2,197,125	5.0%	\$109,856				\$109,856	\$2,087,269	\$2,041,673	\$161
2035	-	2036	\$2,263,039	\$178	\$0	\$2,263,039	5.0%	\$113,152				\$113,152	\$2,149,887	\$2,102,923	\$166
2036	-	2037	\$2,330,930	\$184	\$0	\$2,330,930	5.0%	\$116,547				\$116,547	\$2,214,384	\$2,166,011	\$171
2037	-	2038	\$2,400,858	\$189	\$0	\$2,400,858	5.0%	\$120,043				\$120,043	\$2,280,815	\$2,230,992	\$176
2038	-	2039	\$2,472,884	\$195	\$0	\$2,472,884	5.0%	\$123,644				\$123,644	\$2,349,240	\$2,297,921	\$181

Food & Beverage Lease Income includes proceeds from the food & beverage retail leases. We estimated these revenues to be 10.6% of Total Revenue or \$52.13 per occupied room (POR) in the stabilized year deflated to year one.

Revenue Analysis: Food & Beverage Lease Income						
	Occ %	ADR	\$ 1000's	% of Total Revenue	\$ per Available Room	\$ per Occupied Room
Projections						
DCF Year 1	83.0%	313.32	4,241	13.4%	18,124	59.66
DCF Stabilized	90.0%	378.34	4,379	10.6%	18,713	56.97
DCF Stabilized (Deflated)	90.0%	346.23	4,007	10.6%	17,125	52.13

The food and beverage program is leased to IMCMV Holdings Inc for a duration of ten years. The lease agreement stipulates a base rent of \$3,600,000 for the Margaritaville restaurant (ground floor, 2nd floor and third floor), a fixed rent of \$100,000 for the basement space (1,022 Sq. Ft.) and a base rent of \$350,000 total for Land Shark Bar and Grill and 5 o'Clock Somewhere ar. Please note, as part of the lease, the tenant shall have the right ("the license") to use and occupy a portion of the hotel lobby on the 5th floor for the operation of License to Chill Bar. Starting year 6 of the lease agreement, tenant shall pay a contingent equal to the amount by which aggregate gross sales exceeds the contingent rent base of \$27,500,000, but contingent rent for any lease year shall not exceed the amount equal to 10% of the fixed base rent of \$3,600,000. The lease additionally stipulates percentage rent equal to 10% of aggregate sales in excess of a threshold of \$40,500,000 (combined amongst all outlets). Please note, the percentage rent threshold increases to \$44,100,000 starting year 6 of the lease agreement. The lease agreement also includes additional rent equal to the tenant's proportionate share (estimated at approximately 16%) of subject hotel maintenance expenses and real property tax increases over base tax year 2022/2023.

Food & Beverage Lease Abstract(s)

In projecting the food and beverage lease income, we reviewed the in-place agreement(s). The abstract(s) can be found below:

F&B Lease Abstract	
Commencement Date	August 1, 2021
Rent Commencement Date	December 1, 2021
Landlord	560 Seventh Avenue Owner Primary LLC
Tenant	IMCMV Holdings Inc
Initial Term	10 Years
Expiration Date (Fully Extended)	July 31, 2031
Lease Facility Type	Food & Beverage
Contract Type	Lease Agreement
<u>Premises Margaritaville</u>	Margaritaville Restaurant: (1st/2nd/3rd Floors), totalling 18,581
<u>Premises Basement</u>	Basement Space of 1,022 Sq. Ft.
<u>Premises Related</u>	Landshark Bar & Grill: 4th Floor (including mezzanine, pool, License to Chill: 5th Floor 5 o' Clock Somewhere: 28th/29th Floors, totalling 3,956 Sq. Ft.
Fixed Rent (Margaritaville)	Base Rent of \$3,600,000
Basement Space Annual Fixed Rent	Fixed Rent of \$100,000
Base Rent (Related Premises)	The amount by which Aggregate Gross Sales exceeds the Base Rent Base of \$30,000,000, but base rent shall not exceed \$350,000.
Contingent Rent (starting Year 6)	Contingent Rent (starting Year 6): 10% of the amount by which Aggregate Gross Sales exceeds the Contigent Rent Base of \$27,500,000)
Percentage Rent	10% of Aggregate Gross Sales in excess of Percentage Rent Base
Percentage Rent Base	10 times the sum of: the Base Rent (Related Premises), the Fixed Rent (Margaritaville), and Contingent Rent
Additional Rent	Tenant's Proportionate Share of the Maintenance Expenses If Real Estate Taxes for any Tax year is greater than the Real Estate Tax Base, then Tenant pays as Additional Rent for such year, Tenant's Proportionate Share of such excess.
Tenant's Proportionate Share	Margaritaville: 12.16%; Related Lease: 6.15%
Rent Abatement	7.7 months from Possession
<i>Compiled by LW Hospitality Advisors®</i>	

We prepared a detailed analysis of the food and beverage program, as described below.

Food & Beverage Program

The food and beverage program includes the following:

- Margaritaville Restaurant is located on the 2nd & 3rd floors. The outlet features 506 seats and 15,113 square feet of space indoors. The American style restaurant is open 7 days a week for breakfast, lunch and dinner. Please note, we anticipate Margaritaville Restaurant will also provide food services to Game Square clients upon Game Square's opening.
- Landshark Bar & Grill is located on the 4th floor with direct access to the outdoor pool. The indoor-outdoor restaurant is open 7 days a week for lunch and dinner, and features 200 indoor seats, and 77 outdoor seats, which we estimate will be usable on average for 50% of the year.
- License to Chill is located on the lobby level (5th floor) and features 75 indoor seats and 1,185 square feet of space indoors. The outlet is open for light fare daily.
- 5 o' Clock Somewhere bar/lounge is a two-story rooftop bar located on the 28th & 29th floor. The outlet features 100 seats and 2,460 square feet of indoor space across both floors. There is also an outdoor portion comprising 2,191 square feet, which we estimate will be usable on average for 50% of the year. The outlet is open for light fare daily.

Revenue Projections

We considered our revenue projections relative to comparables and our own industry expertise. We analyzed the revenue projections based on what we believe the main driver to be for each outlet. For example, we typically consider restaurant revenues on a Per Seat basis given the revenue is closely tied to seat count, whereas a bar/lounge would typically be considered Per Square Foot given the patrons occupy both seats and standing room. Revenue sources such as in-room dining, minibar, or a coffee bar in the rear of the lobby are typically considered most accurately on a POR (Per Occupied Room) basis given the revenues are most likely driven by overnight guests of the hotel. Please note that all projections are compiled off of the usable square footage or seat count, which includes indoor space and outdoor space adjusted for seasonality.

Revenue projections are shown below. The projections are compiled based on a primary driver, and growth has been employed annually from the base year onward.

Food & Beverage Projections													
Projection Year Fiscal Year Ending:	July 2021- July 2022												
	Historicals	Historicals	T-12	1	2	3	4	5	6	7	8	9	10
	7/1/2022	12/31/2022	3/31/2023	3/31/2024	3/31/2025	3/31/2026	3/31/2027	3/31/2028	3/31/2029	3/31/2030	3/31/2031	3/31/2032	3/31/2033
Occupied Rooms:				71,085	74,307	76,869	76,869	77,080	76,869	76,869	76,869	77,080	76,869
Margaritaville Restaurant				\$12,970,000	\$13,359,000	\$13,760,000	\$14,173,000	\$14,598,000	\$15,036,000	\$15,487,000	\$15,951,500	\$16,430,000	\$16,923,000
Seats (avg. usable)	500	500	500	500	500	500	500	500	500	500	500	500	500
Square Footage (avg. usable)	15,113	15,113	15,113	15,113	15,113	15,113	15,113	15,113	15,113	15,113	15,113	15,113	15,113
Per Seat	\$16,451	\$17,989	\$18,397	\$25,940	\$26,718	\$27,520	\$28,346	\$29,196	\$30,072	\$30,974	\$31,903	\$32,860	\$33,846
Per Square Foot	\$544	\$595	\$609	\$858	\$884	\$910	\$938	\$966	\$995	\$1,025	\$1,055	\$1,087	\$1,120
Per Occupied Room	N/A	N/A	\$129.40	\$182.46	\$179.78	\$179.01	\$184.38	\$189.39	\$195.61	\$201.47	\$207.52	\$213.16	\$220.15
Positioned Revenue	Per Seat		\$25,000	\$25,940	\$26,718	\$27,520	\$28,346	\$29,196	\$30,072	\$30,974	\$31,903	\$32,860	\$33,846
Annual Growth %				3.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Days Open (projections prorated accordingly)				366	365	365	365	366	365	365	365	366	365
Discounting				20%									
Margaritaville Restaurant - Total Revenues				\$10,376,000	\$13,359,000	\$13,760,000	\$14,173,000	\$14,598,000	\$15,036,000	\$15,487,000	\$15,951,500	\$16,430,000	\$16,923,000
Landshark Bar & Grill				\$4,330,683	\$4,460,666	\$4,594,464	\$4,732,317	\$4,874,225	\$5,020,425	\$5,171,157	\$5,326,182	\$5,485,977	\$5,650,542
Seats (avg. usable)	239	239	239	239	239	239	239	239	239	239	239	239	239
Square Footage (avg. usable)	5,138	5,138	5,138	5,138	5,138	5,138	5,138	5,138	5,138	5,138	5,138	5,138	5,138
Per Seat	\$10,200	\$11,878	\$10,553	\$18,158	\$18,703	\$19,264	\$19,842	\$20,437	\$21,050	\$21,682	\$22,332	\$23,002	\$23,692
Per Square Foot	\$473	\$551	\$490	\$843	\$868	\$894	\$921	\$949	\$977	\$1,006	\$1,037	\$1,068	\$1,100
Per Occupied Room	N/A	N/A	\$35.41	\$60.92	\$60.03	\$59.77	\$61.56	\$63.24	\$65.31	\$67.27	\$69.29	\$71.17	\$73.51
Positioned Revenue	Per Seat		\$17,500	\$18,158	\$18,703	\$19,264	\$19,842	\$20,437	\$21,050	\$21,682	\$22,332	\$23,002	\$23,692
Annual Growth %				3.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Days Open (projections prorated accordingly)				366	365	365	365	366	365	365	365	366	365
Discounting				20%									
Landshark Bar & Grill - Total Revenues				\$3,464,546	\$4,460,666	\$4,594,464	\$4,732,317	\$4,874,225	\$5,020,425	\$5,171,157	\$5,326,182	\$5,485,977	\$5,650,542
License to Chill				\$615,015	\$633,975	\$652,935	\$673,080	\$693,225	\$714,555	\$735,885	\$758,400	\$780,915	\$804,615
Seats (avg. usable)	75	75	75	75	75	75	75	75	75	75	75	75	75
Square Footage (avg. usable)	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185
Per Seat	\$3,261	\$2,719	\$8,200	\$8,453	\$8,706	\$8,974	\$9,243	\$9,527	\$9,812	\$10,112	\$10,412	\$10,728	\$11,044
Per Square Foot	\$206	\$172	\$519	\$535	\$551	\$568	\$585	\$603	\$621	\$640	\$659	\$679	\$699
Per Occupied Room	N/A	\$2.87	\$8.65	\$8.53	\$8.49	\$8.76	\$8.99	\$9.30	\$9.57	\$9.87	\$10.13	\$10.47	\$10.79
Positioned Revenue	Per Square Foot		\$500	\$519	\$535	\$551	\$568	\$585	\$603	\$621	\$640	\$659	\$679
Annual Growth %				3.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Days Open (projections prorated accordingly)				366	365	365	365	366	365	365	365	366	365
Discounting				20%									
License to Chill - Total Revenues				\$492,012	\$633,975	\$652,935	\$673,080	\$693,225	\$714,555	\$735,885	\$758,400	\$780,915	\$804,615

5 o'Clock Somewhere	\$2,609,267	\$3,440,271	\$3,095,303	\$5,532,358	\$5,699,467	\$5,870,131	\$6,047,906	\$6,229,236	\$6,417,678	\$6,609,675	\$6,808,783	\$7,011,446	\$7,221,221
Seats (avg. usable)	100	100	100	100	100	100	100	100	100	100	100	100	100
Square Footage (avg. usable)	3,556	3,556	3,556	3,556	3,556	3,556	3,556	3,556	3,556	3,556	3,556	3,556	3,556
Per Seat	\$26,093	\$34,403	\$30,953	\$55,324	\$56,995	\$58,701	\$60,479	\$62,292	\$64,177	\$66,097	\$68,088	\$70,114	\$72,212
Per Square Foot	\$734	\$968	\$871	\$1,556	\$1,603	\$1,651	\$1,701	\$1,752	\$1,805	\$1,859	\$1,915	\$1,972	\$2,031
Per Occupied Room	N/A	N/A	\$43.54	\$77.83	\$76.70	\$76.37	\$78.68	\$80.82	\$83.49	\$85.99	\$88.58	\$90.96	\$93.94
Positioned Revenue	Per Square Foot		\$1,500	\$1,556	\$1,603	\$1,651	\$1,701	\$1,752	\$1,805	\$1,859	\$1,915	\$1,972	\$2,031
Annual Growth %				3.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Days Open (projections prorated accordingly)				366	365	365	365	366	365	365	365	366	365
Discounting				10%									
5 o'Clock Somewhere - Total Revenues				\$4,979,122	\$5,699,467	\$5,870,131	\$6,047,906	\$6,229,236	\$6,417,678	\$6,609,675	\$6,808,783	\$7,011,446	\$7,221,221

Note, annual growth to Year 1 represents inflation (at 3.0% per year) from the base year through to projection Year 1

In addition, as a check of reasonableness of our projections, we also conducted an *implied* cover analysis, which is displayed below. This analysis assumes an average check and yields an indicated number of patrons needed to meet the revenue projections shown above. The meetings/events revenue is considered similarly, by estimating the average number of events per week and average size per event.

Implied Cover Analysis						
F&B Outlets	Stabilized Year Deflated to Base Year	Avg. Revenue Per Day	Avg. Check	Implied Customers / Day	Est. Guests in House Per Day*	Seat Turns Per Day / Capture of Hotel Guests
Margaritaville Restaurant	\$12,499,892	\$34,246	\$50.00	684.9	368.6	1.4
Landshark Bar & Grill	\$4,173,714	\$11,435	\$35.00	326.7	368.6	1.4
License to Chill	\$593,141	\$1,625	\$20.00	81.3	368.6	1.1
5 o'Clock Somewhere	\$5,332,558	\$14,610	\$35.00	417.4	368.6	4.2

*Estimated Guests in House based on 1.75 guests per occupied room

Full Revenue Projections

Per the information presented in the preceding section, our full revenue projections are shown below. We have considered these projections alongside comparables, which are shown on the following pages.

Food & Beverage Projections											
Fiscal Year Ending March 31:	3/31/2024	3/31/2025	3/31/2026	3/31/2027	3/31/2028	3/31/2029	3/31/2030	3/31/2031	3/31/2032	3/31/2033	
Food & Beverage Revenue Projections											
Margaritaville Restaurant	\$10,376,000	\$13,359,000	\$13,760,000	\$14,173,000	\$14,598,000	\$15,036,000	\$15,487,000	\$15,951,500	\$16,430,000	\$16,923,000	
Landshark Bar & Grill	\$3,464,546	\$4,460,666	\$4,594,464	\$4,732,317	\$4,874,225	\$5,020,425	\$5,171,157	\$5,326,182	\$5,485,977	\$5,650,542	
License to Chill	\$492,012	\$633,975	\$652,935	\$673,080	\$693,225	\$714,555	\$735,885	\$758,400	\$780,915	\$804,615	
5 o'Clock Somewhere	\$4,979,122	\$5,699,467	\$5,870,131	\$6,047,906	\$6,229,236	\$6,417,678	\$6,609,675	\$6,808,783	\$7,011,446	\$7,221,221	
Total Revenue	\$19,311,681	\$24,153,107	\$24,877,530	\$25,626,303	\$26,394,686	\$27,188,658	\$28,003,717	\$28,844,865	\$29,708,338	\$30,599,378	
Operating Expenses											
	% of:	Yr. 1	Yr. 2								
Margaritaville Restaurant	Revenue	80.0%	75.0%	\$8,300,800	\$10,019,250	\$10,320,000	\$10,629,750	\$10,948,500	\$11,277,000	\$11,615,250	\$11,963,625
Landshark Bar & Grill	Revenue	80.0%	75.0%	\$2,771,637	\$3,345,499	\$3,445,848	\$3,549,238	\$3,655,668	\$3,765,319	\$3,878,368	\$3,994,637
License to Chill	Revenue	70.0%	65.0%	\$344,408	\$412,084	\$424,408	\$437,502	\$450,596	\$464,461	\$478,325	\$492,960
5 o'Clock Somewhere	Revenue	70.0%	65.0%	\$3,485,386	\$3,704,653	\$3,815,585	\$3,931,139	\$4,049,003	\$4,171,490	\$4,296,288	\$4,425,709
Total Operating Expenses				\$14,902,231	\$17,481,486	\$18,005,841	\$18,547,628	\$19,103,768	\$19,678,270	\$20,268,231	\$20,876,930
				77.2%	72.4%	72.4%	72.4%	72.4%	72.4%	72.4%	72.4%
Fixed Expenses											
Base Rent (Margaritaville)				\$3,600,000	\$3,600,000	\$3,600,000	\$3,600,000	\$3,600,000	\$3,600,000	\$3,600,000	\$3,600,000
Base Rent (Basement)				\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Base Rent (Related Premises)				\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
Total Base Rent				\$4,050,000	\$4,050,000	\$4,050,000	\$4,050,000	\$4,050,000	\$4,050,000	\$4,050,000	\$4,050,000
Contingent Rent (Starting Year 6)	\$27,500,000 hurdle capped at 10% of the Fixed Rent for 5th Lease Year				\$0	\$0	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000
Percentage Rent (Margaritaville + Related Premises)	\$40,500,000 hurdle (Years 1 - 5) at 10% of Aggregate Gross Sales	\$0	\$0	\$0							
Percentage Rent (Margaritaville + Related Premises)	\$44,100,000 hurdle (Starting year 6) at 10% of Aggregate Gross Sales				\$0	\$0	\$0	\$0	\$0	\$0	\$0
Additional Rent - Maintenance Expenses	18.31% of Total Property Maintenance	\$183,877	\$203,314	\$214,639	\$220,861	\$227,752	\$234,663	\$241,386	\$248,310	\$256,067	\$262,788
Additional Rent - Real Estate Taxes	18.31% of Taxes over base year 2022/2023	\$7,180	\$62,217	\$114,211	\$156,036	\$171,285	\$186,994	\$203,177	\$219,849	\$237,025	\$254,719
Total Rental Income		\$4,241,057	\$4,315,531	\$4,378,850	\$4,426,897	\$4,449,037	\$4,831,657	\$4,854,563	\$4,878,160	\$4,903,092	\$4,927,507
		22.0%	17.9%	17.6%	17.3%	16.9%	17.8%	17.3%	16.9%	16.5%	16.1%
Net Operating Income Subtotal		\$168,392	\$2,356,090	\$2,492,839	\$2,651,777	\$2,841,880	\$2,678,731	\$2,880,922	\$3,089,775	\$3,303,229	\$3,524,921

Review of Financial Operating Statements

The historical financial operating statements, illustrated in the table on the following page, were provided by property ownership. Please note that we were not provided with a 2023 budget for the purpose of this assignment. Where applicable, we have reorganized the statements in accordance with the Uniform System of Accounts for the Lodging Industry (Eleventh Revised Edition), published by the Educational Institute of the American Hotel and Lodging Association.

Margaritaville Resort Times Square Full Operating History												
	Actual - Year End 2021				Actual - Year End 2022				Trailing 12 Month Actual			
Year Ending December 31:	2021	(July 2021 - December 2021)			2022				Trailing 12 Month	(YE February 28)		
Number of Days in Year:	182.5				365				365			
Number of Rooms:	234				234				234			
Annual Available Rooms:	42,705				85,410				85,410			
Occupied Rooms:	18,163				64,668				70,371			
Annual Occupancy:	42.53%				75.71%				82.39%			
Average Rate:	\$265.30				\$292.19				\$281.98			
RevPAR:	\$112.84				\$221.23				\$232.33			
Revenue	\$ (000's)	Gross %	PAR	POR	\$ (000's)	Gross %	PAR	POR	\$ (000's)	Gross %	PAR	POR
Rooms Revenue	4,819	87.3%	20,592	265.30	18,895	86.9%	80,748	292.19	19,843	86.6%	84,800	281.98
Other Operated Departments Revenue	13	0.2%	55	0.71	2,848	13.1%	12,173	44.05	3,075	13.4%	13,143	43.70
Amenity/Resort Fee Revenue	688	12.5%	2,938	37.85	-	0.0%	-	0.00	-	0.0%	-	0.00
Retail Lease Income	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00
Food & Beverage Lease Income	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00
Total Revenue	5,519	100.0%	23,586	303.86	21,744	100.0%	92,921	336.23	22,919	100.0%	97,943	325.68
Departmental Expenses												
Rooms Expense	2,488	51.6%	10,633	136.99	6,156	32.6%	26,306	95.19	6,530	32.9%	27,904	92.79
Other Operated Departments Expense	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00
Amenity/Resort Fee Expense	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00
Total Departmental Expenses	2,488	45.1%	10,633	136.99	6,156	28.3%	26,306	95.19	6,530	28.5%	27,904	92.79
Departmental Income (Loss)	3,031	54.9%	12,952	166.87	15,588	71.7%	66,615	241.05	16,389	71.5%	70,039	232.90
Undistributed Operating Expenses												
Administrative & General	916	16.6%	3,914	50.43	2,440	11.2%	10,428	37.73	2,528	11.0%	10,804	35.93
Information & Telecommunications Systems	92	1.7%	395	5.09	219	1.0%	935	3.38	234	1.0%	1,002	3.33
Sales & Marketing	321	5.8%	1,370	17.65	910	4.2%	3,891	14.08	917	4.0%	3,917	13.02
Franchise Fees	157	2.8%	672	8.65	645	3.0%	2,758	9.98	693	3.0%	2,963	9.85
Utility Costs	95	1.7%	404	5.20	541	2.5%	2,311	8.36	554	2.4%	2,369	7.88
Property Operation & Maintenance	345	6.2%	1,473	18.98	1,000	4.6%	4,272	15.46	1,041	4.5%	4,450	14.80
Total Undistributed Operating Expenses	1,925	34.9%	8,228	106.00	5,755	26.5%	24,595	89.00	5,968	26.0%	25,505	84.81
Gross Operating Profit (GOP)	1,106	20.0%	4,724	60.87	9,833	45.2%	42,020	152.05	10,421	45.5%	44,534	148.09
Fixed Charges												
Management Fee	241	4.4%	1,028	13.25	489	2.2%	2,091	7.57	516	2.3%	2,204	7.33
Property Taxes	684	12.4%	2,924	37.67	1,779	8.2%	7,600	27.50	1,886	8.2%	8,058	26.80
Insurance	145	2.6%	618	7.96	575	2.6%	2,457	8.89	579	2.5%	2,472	8.22
Reserve for Replacement	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00
Total Fixed Charges	1,069	19.4%	4,570	58.88	2,843	13.1%	12,148	43.96	2,980	13.0%	12,735	42.35
Hotel Cash Flow	36	0.7%	154	1.99	6,990	32.1%	29,872	108.09	7,441	32.5%	31,800	105.74

*Please note that the F&B lease income is recorded as it is kept on a separate P&L statement that was not provided to us.

Ten-Year Projection of Income and Expense

The following ten-year projection of income and expense reflects the subject property's anticipated performance on a fiscal basis beginning April 1, 2023. Stabilization is anticipated to occur in year three of the projection period. The statements are expressed in inflated dollars for each projection year.

Margaritaville Resort Times Square 10 Year Summary																						
Projection Year	1		2		3		4		5		6		7		8		9		10		11	
Fiscal Year Ending March 31:	2024		2025		2026		2027		2028		2029		2030		2031		2032		2033		2034	
Days in Year	366		365		365		365		366		365		365		365		366		365		365	
Number of Rooms	234		234		234		234		234		234		234		234		234		234		234	
Rooms Available	85,644		85,410		85,410		85,410		85,644		85,410		85,410		85,410		85,644		85,410		85,410	
Occupied Rooms	71,085		74,307		76,869		76,869		77,080		76,869		76,869		76,869		77,080		76,869		76,869	
Occupancy	83.00%		87.00%		90.00%		90.00%		90.00%		90.00%		90.00%		90.00%		90.00%		90.00%		90.00%	
Average Rate	313.32		360.32		378.34		389.69		401.38		413.42		425.82		438.60		451.75		465.31		479.26	
RevPAR	260.06		313.48		340.50		350.72		361.24		372.08		383.24		394.74		406.58		418.78		431.34	
	\$ (000's)	Gross %	\$ (000's)	Gross %	\$ (000's)	Gross %	\$ (000's)	Gross %	\$ (000's)	Gross %	\$ (000's)	Gross %	\$ (000's)	Gross %	\$ (000's)	Gross %	\$ (000's)	Gross %	\$ (000's)	Gross %	\$ (000's)	Gross %
REVENUE																						
Rooms Revenue	22,272	70.2%	26,774	70.2%	29,082	70.4%	29,955	70.6%	30,938	70.8%	31,779	70.3%	32,732	70.5%	33,714	70.7%	34,821	70.9%	35,768	71.1%	36,841	71.1%
Other Operated Departments Revenue	367	1.2%	387	1.0%	405	1.0%	417	1.0%	430	1.0%	443	1.0%	456	1.0%	470	1.0%	484	1.0%	498	1.0%	513	1.0%
Amenity/Resort Fee Revenue	2,395	7.5%	2,578	6.8%	2,747	6.7%	2,830	6.7%	2,923	6.7%	3,002	6.6%	3,092	6.7%	3,185	6.7%	3,289	6.7%	3,379	6.7%	3,480	6.7%
Retail Lease Income	2,453	7.7%	4,092	10.7%	4,688	11.4%	4,828	11.4%	4,973	11.4%	5,122	11.3%	5,276	11.4%	5,434	11.4%	5,597	11.4%	5,765	11.5%	5,938	11.5%
Food & Beverage Lease Income	4,241	13.4%	4,316	11.3%	4,379	10.6%	4,427	10.4%	4,449	10.2%	4,832	10.7%	4,855	10.5%	4,878	10.2%	4,903	10.0%	4,928	9.8%	5,075	9.8%
Total Revenue	31,728	100%	38,146	100%	41,301	100%	42,457	100%	43,713	100%	45,178	100%	46,411	100%	47,682	100%	49,095	100%	50,338	100%	51,848	100%
DEPARTMENTAL EXPENSES																						
Rooms Expense	6,828	30.7%	7,229	27.0%	7,603	26.1%	7,831	26.1%	8,075	26.1%	8,308	26.1%	8,558	26.1%	8,814	26.1%	9,088	26.1%	9,351	26.1%	9,632	26.1%
Other Operated Departments Expense	165	44.9%	172	44.4%	178	44.0%	184	44.0%	190	44.0%	195	44.0%	201	44.0%	207	44.0%	213	44.0%	219	44.0%	226	44.0%
Total Departmental Expenses	6,993	22.0%	7,401	19.4%	7,782	18.8%	8,015	18.9%	8,264	18.9%	8,503	18.8%	8,758	18.9%	9,021	18.9%	9,302	18.9%	9,570	19.0%	9,858	19.0%
Total Departmental Profit	24,735	78.0%	30,746	80.6%	33,520	81.2%	34,442	81.1%	35,449	81.1%	36,675	81.2%	37,653	81.1%	38,660	81.1%	39,794	81.1%	40,767	81.0%	41,990	81.0%
UNDISTRIBUTED OPERATING EXPENSES																						
Administrative & General	2,059	6.5%	2,235	5.9%	2,346	5.7%	2,415	5.7%	2,491	5.7%	2,565	5.7%	2,639	5.7%	2,716	5.7%	2,801	5.7%	2,876	5.7%	2,962	5.7%
Information & Telecommunications Systems	257	0.8%	273	0.7%	285	0.7%	293	0.7%	303	0.7%	311	0.7%	321	0.7%	330	0.7%	341	0.7%	350	0.7%	360	0.7%
Sales & Marketing	1,347	4.2%	1,477	3.9%	1,555	3.8%	1,600	3.8%	1,650	3.8%	1,700	3.8%	1,749	3.8%	1,799	3.8%	1,855	3.8%	1,904	3.8%	1,961	3.8%
Franchise Fees	1,524	4.8%	1,808	4.7%	1,958	4.7%	2,017	4.8%	2,083	4.8%	2,140	4.7%	2,204	4.7%	2,270	4.8%	2,345	4.8%	2,409	4.8%	2,481	4.8%
Utility Costs	793	2.5%	835	2.2%	867	2.1%	893	2.1%	922	2.1%	948	2.1%	976	2.1%	1,004	2.1%	1,037	2.1%	1,065	2.1%	1,097	2.1%
Property Operation & Maintenance	1,004	3.2%	1,110	2.9%	1,172	2.8%	1,206	2.8%	1,244	2.8%	1,282	2.8%	1,318	2.8%	1,356	2.8%	1,399	2.8%	1,435	2.9%	1,478	2.9%
Total Undistributed Operating Expenses	6,985	22.0%	7,738	20.3%	8,183	19.8%	8,424	19.8%	8,693	19.9%	8,945	19.8%	9,206	19.8%	9,475	19.9%	9,778	19.9%	10,038	19.9%	10,339	19.9%
GROSS OPERATING PROFIT	17,751	55.9%	23,007	60.3%	25,336	61.3%	26,018	61.3%	26,756	61.2%	27,730	61.4%	28,447	61.3%	29,185	61.2%	30,016	61.1%	30,729	61.0%	31,651	61.0%
Management Fee	751	2.4%	892	2.3%	967	2.3%	996	2.3%	1,029	2.4%	1,057	2.3%	1,088	2.3%	1,121	2.4%	1,158	2.4%	1,189	2.4%	1,225	2.4%
INCOME BEFORE FIXED CHARGES	17,000	53.6%	22,115	58.0%	24,369	59.0%	25,022	58.9%	25,728	58.9%	26,673	59.0%	27,358	58.9%	28,064	58.9%	28,858	58.8%	29,540	58.7%	30,426	58.7%
Selected Fixed Charges																						
Property Taxes	1,930	6.1%	2,063	5.4%	2,224	5.4%	2,359	5.6%	2,425	5.5%	2,473	5.5%	2,522	5.4%	2,572	5.4%	2,624	5.3%	2,677	5.3%	2,732	5.3%
Insurance	590	1.9%	606	1.6%	624	1.5%	643	1.5%	664	1.5%	682	1.5%	702	1.5%	723	1.5%	747	1.5%	767	1.5%	790	1.5%
Reserve for Replacement	1,001	3.2%	1,190	3.1%	1,289	3.1%	1,328	3.1%	1,372	3.1%	1,409	3.1%	1,451	3.1%	1,495	3.1%	1,544	3.1%	1,586	3.2%	1,633	3.2%
Net Operating Income	13,479	42.5%	18,256	47.9%	20,232	49.0%	20,692	48.7%	21,267	48.7%	22,109	48.9%	22,683	48.9%	23,274	48.8%	23,944	48.8%	24,509	48.7%	25,270	48.7%

Detailed Projections of Income and Expense

Margaritaville Resort Times Square Cash Flow Detail																				
	Actual				Trailing 12 Month Actual				DCF Year 1				DCF Year 2				Stabilized DCF Year 3			
Projected Fiscal Year Ending March 31:	2022	(YE December 31)			Trailing 12 Month	(YE February 28)			2024				2025				2026			
Number of Days in Year:	365				365				366				365				365			
Number of Rooms:	234				234				234				234				234			
Annual Available Rooms:	85,410				85,410				85,644				85,410				85,410			
Occupied Rooms:	64,668				70,371				71,085				74,307				76,869			
Annual Occupancy:	75.71%				82.39%				83.00%				87.00%				90.00%			
Average Rate:	292.19				281.98				313.32				360.32				378.34			
RevPAR:	221.23				232.33				260.06				313.48				340.50			
Revenue	Amount	Gross %	PAR	POR	Amount	Gross %	PAR	POR	Amount	Gross %	PAR	POR	Amount	Gross %	PAR	POR	Amount	Gross %	PAR	POR
Rooms Revenue	18,895,116	86.9%	80,748	292.19	19,843,287	86.6%	84,800	281.98	22,272,344	70.2%	95,181	313.32	26,774,190	70.2%	114,420	360.32	29,082,310	70.4%	124,283	378.34
Other Operated Departments Revenue	2,848,402	13.1%	12,173	44.05	3,075,390	13.4%	13,143	43.70	366,938	1.2%	1,568	5.16	386,561	1.0%	1,652	5.20	405,208	1.0%	1,732	5.27
Amenity/Resort Fee Revenue	-	0.0%	-	0.00	-	0.0%	-	0.00	2,394,758	7.5%	10,234	33.69	2,578,409	6.8%	11,019	34.70	2,747,339	6.7%	11,741	35.74
Retail Lease Income	-	0.0%	-	0.00	-	0.0%	-	0.00	2,453,348	7.7%	10,484	34.51	4,091,650	10.7%	17,486	55.06	4,687,751	11.4%	20,033	60.98
Food & Beverage Lease Income	-	0.0%	-	0.00	-	0.0%	-	0.00	4,241,057	13.4%	18,124	59.66	4,315,531	11.3%	18,442	58.08	4,378,850	10.6%	18,713	56.97
Total Revenue	21,743,518	100.0%	92,921	336.23	22,918,676	100.0%	97,943	325.68	31,728,446	100.0%	135,592	446.35	38,146,341	100.0%	163,019	513.36	41,301,459	100.0%	176,502	537.30
Departmental Expenses																				
Rooms Expense	6,155,578	32.6%	26,306	95.19	6,529,502	32.9%	27,904	92.79	6,828,207	30.7%	29,180	96.06	7,229,148	27.0%	30,894	97.29	7,603,395	26.1%	32,493	98.91
Other Operated Departments Expense	-	0.0%	-	0.00	-	0.0%	-	0.00	164,932	44.9%	705	2.32	171,586	44.4%	733	2.31	178,320	44.0%	762	2.32
Total Departmental Expenses	6,155,578	28.3%	26,306	95.19	6,529,502	28.5%	27,904	92.79	6,993,139	22.0%	29,885	98.38	7,400,734	19.4%	31,627	99.60	7,781,715	18.8%	33,255	101.23
Departmental Income (Loss)	15,587,940	71.7%	66,615	241.05	16,389,175	71.5%	70,039	232.90	24,735,308	78.0%	105,706	347.97	30,745,607	80.6%	131,391	413.77	33,519,743	81.2%	143,247	436.06
Undistributed Operating Expenses																				
Administrative & General	2,440,245	11.2%	10,428	37.73	2,528,241	11.0%	10,804	35.93	2,058,824	6.5%	8,798	28.96	2,235,491	5.9%	9,553	30.08	2,346,237	5.7%	10,027	30.52
Information & Telecommunications Systems	218,763	1.0%	935	3.38	234,392	1.0%	1,002	3.33	256,851	0.8%	1,098	3.61	273,297	0.7%	1,168	3.68	284,920	0.7%	1,218	3.71
Sales & Marketing	910,425	4.2%	3,891	14.08	916,578	4.0%	3,917	13.02	1,347,448	4.2%	5,758	18.96	1,476,773	3.9%	6,311	19.87	1,554,624	3.8%	6,644	20.22
Franchise Fees	645,461	3.0%	2,758	9.98	693,275	3.0%	2,963	9.85	1,524,059	4.8%	6,513	21.44	1,807,543	4.7%	7,725	24.33	1,958,404	4.7%	8,369	25.48
Utility Costs	540,713	2.5%	2,311	8.36	554,441	2.4%	2,369	7.88	793,243	2.5%	3,390	11.16	834,764	2.2%	3,567	11.23	867,028	2.1%	3,705	11.28
Property Operation & Maintenance	999,598	4.6%	4,272	15.46	1,041,184	4.5%	4,450	14.80	1,004,243	3.2%	4,292	14.13	1,110,399	2.9%	4,745	14.94	1,172,249	2.8%	5,010	15.25
Total Undistributed Operating Expenses	5,755,206	26.5%	24,595	89.00	5,968,111	26.0%	25,505	84.81	6,984,668	22.0%	29,849	98.26	7,738,267	20.3%	33,070	104.14	8,183,462	19.8%	34,972	106.46
Gross Operating Profit (GOP)	9,832,735	45.2%	42,020	152.05	10,421,063	45.5%	44,534	148.09	17,750,639	55.9%	75,857	249.71	23,007,339	60.3%	98,322	309.63	25,336,281	61.3%	108,275	329.60
Fixed Charges																				
Management Fee	489,229	2.2%	2,091	7.57	515,670	2.3%	2,204	7.33	751,021	2.4%	3,209	10.57	892,175	2.3%	3,813	12.01	967,046	2.3%	4,133	12.58
Property Taxes	1,778,511	8.2%	7,600	27.50	1,885,649	8.2%	8,058	26.80	1,929,863	6.1%	8,247	27.15	2,063,417	5.4%	8,818	27.77	2,223,871	5.4%	9,504	28.93
Insurance	574,941	2.6%	2,457	8.89	578,557	2.5%	2,472	8.22	589,793	1.9%	2,520	8.30	605,829	1.6%	2,589	8.15	624,002	1.5%	2,667	8.12
Reserve for Replacement	-	0.0%	-	0.00	-	0.0%	-	0.00	1,001,362	3.2%	4,279	14.09	1,189,566	3.1%	5,084	16.01	1,289,394	3.1%	5,510	16.77
Total Fixed Charges	2,842,681	13.1%	12,148	43.96	2,979,877	13.0%	12,735	42.35	4,272,039	13.5%	18,257	60.10	4,750,987	12.5%	20,303	63.94	5,104,314	12.4%	21,813	66.40
Hotel Cash Flow	6,990,054	32.1%	29,872	108.09	7,441,187	32.5%	31,800	105.74	13,478,601	42.5%	57,601	189.61	18,256,352	47.9%	78,019	245.69	20,231,968	49.0%	86,461	263.20

Discounted Cash Flow Analysis

Discounted Cash Flow – As Is as of April 1, 2023

Margaritaville Resort Times Square DCF Analysis - As Is											
Assumptions			Reversion Calculation (10Y)				Returns (10Y)				
Discount Rate	9.00%		Year 11 CF:			\$25,269,676	PV of Cash:			\$130,484,357	
Residual Cap Rate	6.50%		Gross Reversion:			\$388,764,241	PV of Reversion:			\$156,828,397	
Cost of Sale	4.5%		Cost of Sale:			(\$17,494,391)	Avg Annual Cash on Cash			7.32%	
Hold Period (Years)	10		Net Reversion:			\$371,269,850	CF % of Yield:			45.42%	
Reversion Year +	1		Stabilized Year:			3	Reversion % of Yield:			54.59%	
Analysis Year	Year	Fiscal Year End	Net Cash Flow	Net Reversion	Adjustments	Undiscounted CF	Discount Factor	Discounted CF	% of Yield	Annual Cash on Cash Return	
0	2023	3/31/2023		-	-	-	1.00000	-	0.00%	NA	
1	2024	3/31/2024	\$13,478,601	-	-	\$13,478,601	0.91743	\$12,365,689	4.30%	4.69%	
2	2025	3/31/2025	\$18,256,352	-	-	\$18,256,352	0.84168	\$15,366,007	5.35%	6.35%	
3	2026	3/31/2026	\$20,231,968	-	-	\$20,231,968	0.77218	\$15,622,791	5.44%	7.04%	
4	2027	3/31/2027	\$20,692,247	-	-	\$20,692,247	0.70843	\$14,658,909	5.10%	7.20%	
5	2028	3/31/2028	\$21,266,792	-	-	\$21,266,792	0.64993	\$13,821,955	4.81%	7.40%	
6	2029	3/31/2029	\$22,109,386	-	-	\$22,109,386	0.59627	\$13,183,105	4.59%	7.70%	
7	2030	3/31/2030	\$22,682,942	-	-	\$22,682,942	0.54703	\$12,408,346	4.32%	7.90%	
8	2031	3/31/2031	\$23,273,785	-	-	\$23,273,785	0.50187	\$11,680,328	4.07%	8.10%	
9	2032	3/31/2032	\$23,943,575	-	-	\$23,943,575	0.46043	\$11,024,287	3.84%	8.33%	
10	2033	3/31/2033	\$24,509,175	371,269,850	-	\$395,779,025	0.42241	\$167,181,337	58.19%	137.76%	
Reversion NOI:			\$25,269,676		Total:	\$581,714,671		\$287,300,000	100.00%		

Value, Overall Rate, Value per Room						
Discount Rate	Exit Cap Rate	Exit Cap Rate				
		6.00%	6.25%	6.50%	6.75%	7.00%
	8.50%	\$311,550,017	\$304,434,370	\$297,866,080	\$291,784,331	\$286,136,992
		4.33%	4.43%	4.53%	4.62%	4.71%
		\$1,331,410	\$1,301,002	\$1,272,932	\$1,246,942	\$1,222,808
	8.75%	\$305,901,301	\$298,947,550	\$292,528,703	\$286,585,326	\$281,066,477
Discount Rate	Exit Cap Rate	6.00%	6.25%	6.50%	6.75%	7.00%
		4.41%	4.51%	4.61%	4.70%	4.80%
		\$1,307,271	\$1,277,554	\$1,250,123	\$1,224,724	\$1,201,139
	9.00%	\$300,381,786	\$293,585,889	\$287,312,753	\$281,504,294	\$276,110,725
		4.49%	4.59%	4.69%	4.79%	4.88%
		\$1,283,683	\$1,254,641	\$1,227,832	\$1,203,010	\$1,179,960
Discount Rate	Exit Cap Rate	6.00%	6.25%	6.50%	6.75%	7.00%
		4.57%	4.67%	4.78%	4.87%	4.97%
		\$1,260,633	\$1,232,248	\$1,206,047	\$1,181,787	\$1,159,260
	9.25%	\$294,988,119	\$288,346,143	\$282,215,088	\$276,538,185	\$271,266,775
		4.65%	4.76%	4.86%	4.96%	5.06%
		\$1,238,107	\$1,210,364	\$1,184,755	\$1,161,043	\$1,139,025

Ten-Year Projection of Income and Expense Upon Stabilization

Based upon our projections as detailed in the Income Capitalization Approach, the subject's date of value upon stabilization is April 1, 2025.

Margaritaville Resort Times Square 10 Year Summary as Stable																						
Projection Year	1	2	3	4	5	6	7	8	9	10	11											
Fiscal Year Ending March 31:	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036											
Days in Year	365	365	366	365	365	365	366	365	365	365	366											
Number of Rooms	234	234	234	234	234	234	234	234	234	234	234											
Rooms Available	85,410	85,410	85,644	85,410	85,410	85,410	85,644	85,410	85,410	85,410	85,644											
Occupied Rooms	76,869	76,869	77,080	76,869	76,869	76,869	77,080	76,869	76,869	76,869	77,080											
Occupancy	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%											
Average Rate	378.34	389.69	401.38	413.42	425.82	438.60	451.75	465.31	479.26	493.64	508.45											
RevPAR	340.50	350.72	361.24	372.08	383.24	394.74	406.58	418.78	431.34	444.28	457.61											
	\$ (000's)	Gross %	\$ (000's)	Gross %	\$ (000's)	Gross %	\$ (000's)	Gross %	\$ (000's)	Gross %	\$ (000's)	Gross %	\$ (000's)	Gross %	\$ (000's)	Gross %	\$ (000's)	Gross %	\$ (000's)	Gross %	\$ (000's)	Gross %
REVENUE																						
Rooms Revenue	29,082	70.4%	29,955	70.6%	30,938	70.8%	31,779	70.3%	32,732	70.5%	33,714	70.7%	34,821	70.9%	35,768	71.1%	36,841	71.1%	37,946	71.1%	39,191	71.1%
Other Operated Departments Revenue	405	1.0%	417	1.0%	430	1.0%	443	1.0%	456	1.0%	470	1.0%	484	1.0%	498	1.0%	513	1.0%	529	1.0%	545	1.0%
Amenity/Resort Fee Revenue	2,747	6.7%	2,830	6.7%	2,923	6.7%	3,002	6.6%	3,092	6.7%	3,185	6.7%	3,289	6.7%	3,379	6.7%	3,480	6.7%	3,585	6.7%	3,702	6.7%
Retail Lease Income	4,688	11.4%	4,828	11.4%	4,973	11.4%	5,122	11.3%	5,276	11.4%	5,434	11.4%	5,597	11.4%	5,765	11.5%	5,938	11.5%	6,116	11.5%	6,300	11.4%
Food & Beverage Lease Income	4,379	10.6%	4,427	10.4%	4,449	10.2%	4,832	10.7%	4,855	10.5%	4,878	10.2%	4,903	10.0%	4,928	9.8%	5,075	9.8%	5,228	9.8%	5,384	9.8%
Total Revenue	41,301	100%	42,457	100%	43,713	100%	45,178	100%	46,411	100%	47,682	100%	49,095	100%	50,338	100%	51,848	100%	53,403	100%	55,123	100%
DEPARTMENTAL EXPENSES																						
Rooms Expense	7,603	26.1%	7,831	26.1%	8,075	26.1%	8,308	26.1%	8,558	26.1%	8,814	26.1%	9,088	26.1%	9,351	26.1%	9,632	26.1%	9,921	26.1%	10,229	26.1%
Other Operated Departments Expense	178	44.0%	184	44.0%	190	44.0%	195	44.0%	201	44.0%	207	44.0%	213	44.0%	219	44.0%	226	44.0%	233	44.0%	240	44.0%
Amenity/Resort Fee Expense	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Departmental Expenses	7,782	18.8%	8,015	18.9%	8,264	18.9%	8,503	18.8%	8,758	18.9%	9,021	18.9%	9,302	18.9%	9,570	19.0%	9,858	19.0%	10,153	19.0%	10,469	19.0%
Total Departmental Profit	33,520	81.2%	34,442	81.1%	35,449	81.1%	36,675	81.2%	37,653	81.1%	38,660	81.1%	39,794	81.1%	40,767	81.0%	41,990	81.0%	43,250	81.0%	44,654	81.0%
UNDISTRIBUTED OPERATING EXPENSES																						
Administrative & General	2,346	5.7%	2,415	5.7%	2,491	5.7%	2,565	5.7%	2,639	5.7%	2,716	5.7%	2,801	5.7%	2,876	5.7%	2,962	5.7%	3,051	5.7%	3,150	5.7%
Information & Telecommunications Systems	285	0.7%	293	0.7%	303	0.7%	311	0.7%	321	0.7%	330	0.7%	341	0.7%	350	0.7%	360	0.7%	371	0.7%	383	0.7%
Sales & Marketing	1,555	3.8%	1,600	3.8%	1,650	3.8%	1,700	3.8%	1,749	3.8%	1,799	3.8%	1,855	3.8%	1,904	3.8%	1,961	3.8%	2,020	3.8%	2,086	3.8%
Franchise Fees	1,958	4.7%	2,017	4.8%	2,083	4.8%	2,140	4.7%	2,204	4.7%	2,270	4.8%	2,345	4.8%	2,409	4.8%	2,481	4.8%	2,555	4.8%	2,639	4.8%
Utility Costs	867	2.1%	893	2.1%	922	2.1%	948	2.1%	976	2.1%	1,004	2.1%	1,037	2.1%	1,065	2.1%	1,097	2.1%	1,130	2.1%	1,166	2.1%
Property Operation & Maintenance	1,172	2.8%	1,206	2.8%	1,244	2.8%	1,282	2.8%	1,318	2.8%	1,356	2.8%	1,399	2.8%	1,435	2.9%	1,478	2.9%	1,523	2.9%	1,572	2.9%
Total Undistributed Operating Expenses	8,183	19.8%	8,424	19.8%	8,693	19.9%	8,945	19.8%	9,206	19.8%	9,475	19.9%	9,778	19.9%	10,038	19.9%	10,339	19.9%	10,649	19.9%	10,997	19.9%
GROSS OPERATING PROFIT	25,336	61.3%	26,018	61.3%	26,756	61.2%	27,730	61.4%	28,447	61.3%	29,185	61.2%	30,016	61.1%	30,729	61.0%	31,651	61.0%	32,600	61.0%	33,657	61.1%
Management Fee	967	2.3%	996	2.3%	1,029	2.4%	1,057	2.3%	1,088	2.3%	1,121	2.4%	1,158	2.4%	1,189	2.4%	1,225	2.4%	1,262	2.4%	1,303	2.4%
INCOME BEFORE FIXED CHARGES	24,369	59.0%	25,022	58.9%	25,728	58.9%	26,673	59.0%	27,358	58.9%	28,064	58.9%	28,858	58.8%	29,540	58.7%	30,426	58.7%	31,339	58.7%	32,354	58.7%
Selected Fixed Charges																						
Property Taxes	2,224	5.4%	2,359	5.6%	2,425	5.5%	2,473	5.5%	2,522	5.4%	2,572	5.4%	2,624	5.3%	2,677	5.3%	2,732	5.3%	2,789	5.2%	2,847	5.2%
Insurance	624	1.5%	643	1.5%	664	1.5%	682	1.5%	702	1.5%	723	1.5%	747	1.5%	767	1.5%	790	1.5%	814	1.5%	841	1.5%
Reserve for Replacement	1,289	3.1%	1,328	3.1%	1,372	3.1%	1,409	3.1%	1,451	3.1%	1,495	3.1%	1,544	3.1%	1,586	3.2%	1,633	3.2%	1,682	3.2%	1,738	3.2%
Net Operating Income	20,232	49.0%	20,692	48.7%	21,267	48.7%	22,109	48.9%	22,683	48.9%	23,274	48.8%	23,944	48.8%	24,509	48.7%	25,270	48.7%	26,053	48.8%	26,928	48.9%

Discounted Cash Flow – Upon Stabilization as of April 1, 2025

We utilized a 8.50% discount rate (50 basis points lower than the As-Is rate to reflect the reduced risk of a stabilized asset) and a 6.50% terminal capitalization rate to determine the prospective pricing opinion of the subject property upon stabilization to be **\$323,000,000**, or approximately **\$1,380,000** per room (Please note the value is inclusive of leased retail)

Margaritaville Resort Times Square Stabilized DCF Analysis										
Assumptions			Reversion Calculation (10Y)				Returns (10Y)			
Discount Rate	8.50%		Stabilized Year 11 CF:	\$26,928,122			PV of Cash:	\$148,115,199		
Residual Cap Rate	6.50%		Gross Reversion:	\$414,278,796			PV of Reversion:	\$174,984,143		
Cost of Sale	4.5%		Cost of Sale:	(\$18,642,546)			Avg Annual Cash on Cash	7.12%		
Hold Period (Years)	10		Net Reversion:	\$395,636,250			CF % of Yield:	45.86%		
Reversion Year +	1		Stabilized Year:	2025			Reversion % of Yield:	54.17%		
Analysis	Year	Fiscal Year	Net Cash Flow	Net Reversion	Adjustments	Undiscounted CF	Discount	Discounted CF	% of Yield	Annual Cash
0	2025	3/31/2025		-	-	-	1.00000	-	0.00%	NA
1	2026	3/31/2026	\$20,231,968	-	-	\$20,231,968	0.92166	\$18,646,975	5.77%	6.26%
2	2027	3/31/2027	\$20,692,247	-	-	\$20,692,247	0.84946	\$17,577,138	5.44%	6.41%
3	2028	3/31/2028	\$21,266,792	-	-	\$21,266,792	0.78291	\$16,649,943	5.15%	6.58%
4	2029	3/31/2029	\$22,109,386	-	-	\$22,109,386	0.72157	\$15,953,564	4.94%	6.85%
5	2030	3/31/2030	\$22,682,942	-	-	\$22,682,942	0.66505	\$15,085,186	4.67%	7.02%
6	2031	3/31/2031	\$23,273,785	-	-	\$23,273,785	0.61295	\$14,265,552	4.42%	7.21%
7	2032	3/31/2032	\$23,943,575	-	-	\$23,943,575	0.56493	\$13,526,357	4.19%	7.41%
8	2033	3/31/2033	\$24,509,175	-	-	\$24,509,175	0.52067	\$12,761,179	3.95%	7.59%
9	2034	3/31/2034	\$25,269,676	-	-	\$25,269,676	0.47988	\$12,126,404	3.75%	7.82%
10	2035	3/31/2035	\$26,053,088	395,636,250	-	\$421,689,338	0.44229	\$186,507,044	57.74%	130.55%
Reversion NOI:			\$26,928,122			Total: \$625,668,882		\$323,000,000	100.00%	

Value, Overall Rate, Value per Room						
Exit Cap Rate						
		6.00%	6.25%	6.50%	6.75%	7.00%
Discount Rate	8.00%	\$350,159,575	\$342,218,475	\$334,888,230	\$328,100,966	\$321,798,506
		5.78%	5.91%	6.04%	6.17%	6.29%
		\$1,496,408	\$1,462,472	\$1,431,146	\$1,402,141	\$1,375,207
	8.25%	\$343,847,955	\$336,088,358	\$328,925,654	\$322,293,521	\$316,135,111
		5.88%	6.02%	6.15%	6.28%	6.40%
		\$1,469,436	\$1,436,275	\$1,405,665	\$1,377,323	\$1,351,005
	8.50%	\$337,681,354	\$330,098,708	\$323,099,342	\$316,618,448	\$310,600,475
		5.99%	6.13%	6.26%	6.39%	6.51%
		\$1,443,083	\$1,410,678	\$1,380,766	\$1,353,070	\$1,327,352
	8.75%	\$331,655,989	\$324,245,865	\$317,405,749	\$311,072,310	\$305,191,258
		6.10%	6.24%	6.37%	6.50%	6.63%
		\$1,417,333	\$1,385,666	\$1,356,435	\$1,329,369	\$1,304,236
	9.00%	\$325,768,184	\$318,526,272	\$311,841,431	\$305,651,764	\$299,904,215
		6.21%	6.35%	6.49%	6.62%	6.75%
		\$1,392,172	\$1,361,223	\$1,332,656	\$1,306,204	\$1,281,642

Comparable Sales

In the Sales Comparison Approach, the value of a hotel is developed by comparing it with similar, recently sold hotel properties in the surrounding or competing area. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution. The Sales Comparison Approach to value emphasizes the physical elements of the subject in conjunction with income. For hotels, price per room is the most common unit of comparison. We researched and identified sales we believe to be relevant to the subject property.

Hotel transaction volume within the U.S. experienced a dramatic decline in March 2020 as the response to the COVID-19 outbreak resulted in travel restrictions and stay-at-home orders across the country, creating uncertainty in the lodging markets. New transactions during the second quarter of 2020 were extremely limited. Once the initial shock of the pandemic subsided, transaction volume began to pick up in the second half of 2020 and into 2021. 2021 was considered to be a very strong year for hotel transaction volume. Debt markets were relatively open, especially for well location properties geared towards leisure travel. Beginning in the second half of 2022, interest rates began to increase dramatically causing another shock to the hotel transaction market. As of Q4 2022, transactions have slowed dramatically as many hotel lenders have moved to the sidelines. In reviewing the transactions presented below, it is important to consider the timing of the sale, as market conditions pre-COVID, at the onset of the pandemic in 2020, and later into the pandemic were notably different. Inherently, the Sales Comparison Approach analyzes historical data, which may not always be fully reflective of the current market.

The best available transaction data for the subject property is presented below. The relevant transactions were reportedly single asset, arms-length sales, unless otherwise indicated.

Manhattan Hotel Sales									
#	Property Name	Date	Keys	Sale Price	Price Per Room	Cap. Rate	Cap. Rate Period	Open Date	Union/ Non Union
1	Cambria Hotel New York	Mar-23	135	\$48,400,000	\$358,519	N/A	N/A	2015	Non-Union
2	SIXTY SoHo	Feb-23	97	\$106,900,000	\$1,102,062	5.78%	TTM Jun. 2022	2001	Non-Union
3	New York Marriott East Side	Jan-23	655	\$154,000,000	\$235,115	N/A	N/A	1923	Union
4	Mr. C Seaport	Jan-23	66	\$60,000,000	\$909,091	N/A	N/A	1963	Non-Union
5	Courtyard by Marriott New York Manhattan/Times Square West*	Sep-22	224	\$73,666,715	\$328,869	N/A	N/A	2013	Non-Union
6	Kimpton Muse Hotel	Sep-22	200	\$49,500,000	\$247,500	N/A	N/A	1928	Union
7	Hilton Times Square*	Sep-22	478	\$85,000,000	\$177,824	N/A	N/A	2000	Union
8	Blue Angel Hotel NYC	Aug-22	39	\$17,500,000	\$448,718	N/A	N/A	1985	Non-Union
9	Holiday Inn Manhattan 6th Avenue Chelsea	Jun-22	226	\$80,300,000	\$355,310	N/A	N/A	2008	Non-Union
10	Hudson Hotel*	May-22	878	\$207,000,000	\$235,763	N/A	N/A	1928	Union
11	Colonial House Inn*	May-22	22	\$9,000,000	\$409,091	N/A	N/A	1900	Non-Union
12	Affinia Portfolio (4 Hotels)*	Apr-22	918	\$327,500,000	\$356,754	N/A	N/A	Varies	Non-Union
13	The Renwick Hotel*	Apr-22	173	\$15,594,525	\$90,142	N/A	N/A	2015	Union
14	Sheraton Hotel Times Square	Apr-22	1,780	\$373,000,000	\$209,551	6.5%	Budget 2023	1960	Union
15	The Hotel at Times Square	Feb-22	213	\$59,500,000	\$279,343	N/A	N/A	1906	Union
16	Roger Smith Hotel*	Feb-22	134	\$41,396,953	\$308,932	N/A	N/A	1927	Union
17	Royal Park International*	Jan-22	93	\$11,000,000	\$118,280	N/A	N/A	1925	Non-Union
18	Hyatt Centric Wall Street New York*	Dec-21	253	\$84,680,000	\$334,704	N/A	N/A	1986	Union
19	Ramada New York/Eastside	Dec-21	117	\$29,900,000	\$255,556	N/A	N/A	1995	Union
20	Excelsior Hotel*	Dec-21	215	\$79,750,000	\$370,930	N/A	N/A	N/A	Non-Union
21	Doubletree Metropolitan	Dec-21	764	\$169,000,000	\$221,204	N/A	N/A	1961	Union
22	Broadway Hotel & Hostel*	Nov-21	32	\$15,500,000	\$484,375	N/A	N/A	1910	Non-Union
23	Martiniq New York on Broadway, Curio Collection by Hilton*	Nov-21	531	\$55,500,000	\$104,520	5.6%	Budget 2022	1900	Union
24	Cambria Hotel New York Times Square (46th Street)	Sep-21	196	\$88,500,000	\$451,531	N/A	N/A	2015	Non-Union
25	Fairfield Inn & Suites World Trade Center	Sep-21	192	\$69,000,000	\$359,375	N/A	N/A	2017	Non-Union
26	Hyatt Place New York City/Times Square	Sep-21	520	\$166,460,000	\$320,115	-3.8%	TTM 2021	2019	Non-Union
27	The Central at 5th by Hilton Club	Aug-21	161	\$58,400,000	\$362,733	N/A	N/A	2021	Non-Union
28	Radisson Hotel New York Times Square*	Jun-21	320	\$67,711,949	\$211,600	N/A	N/A	2019	Non-Union
29	The Lexington Hotel, an Autograph Collection	Jun-21	725	\$185,300,000	\$255,586	6.7%	YE 2019	1929	Union
30	Salisbury Hotel*	Jun-21	197	\$130,000,000	\$659,898	N/A	N/A	1930	Union
31	The Roger Hotel*	Jun-21	194	\$19,000,000	\$97,938	17.4%	YE 2019	1920	Union
32	Duane Street Hotel	May-21	43	\$18,000,000	\$418,605	N/A	N/A	2006	Non-Union
34	Sago Hotel	Apr-21	20	\$8,500,000	\$425,000	N/A	N/A	2016	Non-Union
35	Watson Hotel	Apr-21	596	\$175,000,000	\$293,624	N/A	N/A	1963	Non-Union
36	Days Inn Upper West Side	Dec-20	294	\$23,000,000	\$78,231	N/A	N/A	1930	Non-Union
37	Pestana Hotel	Dec-20	177	\$31,500,000	\$177,966	N/A	N/A	2020	Non-Union
38	The Surrey	Dec-20	190	\$150,150,000	\$790,263	N/A	N/A	1926	Union
39	AKA Wall Street	Nov-20	137	\$73,476,519	\$536,325	N/A	N/A	N/A	Non-Union
40	Courtyard by Marriott Times Square West*	Oct-20	224	\$73,683,358	\$328,944	N/A	N/A	2013	Non-Union
41	Fairfield Inn & Suites Midtown Manhattan/Penn Station*	Oct-20	239	\$57,366,782	\$240,028	N/A	N/A	2013	Non-Union
42	TownePlace Suites/SpringHill Suites Chelsea	Sep-20	531	\$147,362,877	\$277,520	N/A	N/A	2021	Non-Union
43	Royalton Hotel	Sep-20	168	\$40,840,000	\$243,095	N/A	N/A	1988	Union
44	Embassy Suites New York Midtown Manhattan	Aug-20	310	\$115,129,600	\$371,386	N/A	N/A	2018	Non-Union
47	St. Regis New York	Oct-19	238	\$310,000,000	\$1,302,521	N/A	N/A	1904	Union
48	Courtyard SoHo	Oct-19	122	\$59,612,500	\$488,627	N/A	N/A	2010	Non-Union
49	Night Hotel Times Square	Oct-19	202	\$34,641,300	\$171,492	N/A	N/A	1912	Union
50	Freehand New York*	Oct-19	395	\$244,135,175	\$618,064	N/A	N/A	2018	Union
51	W Hotel Union Square	Oct-19	270	\$205,937,500	\$762,731	N/A	N/A	2000	Union
52	Kimpton Ink48 Hotel	Sep-19	222	\$82,700,000	\$372,523	N/A	N/A	2006	Union
53	Hyatt Herald Square & Hyatt Place Midtown South	Sep-19	307	\$136,687,500	\$445,236	N/A	N/A	2012/2013	Non-Union
54	The Hotel @ Fifth Avenue	Aug-19	182	\$56,520,000	\$310,549	N/A	N/A	1903	Union
55	Club Quarters Midtown	Aug-19	167	\$64,530,500	\$386,410	N/A	N/A	1903	Non-Union
56	Marrakech Hotel	Aug-19	128	\$44,000,000	\$343,750	N/A	N/A	N/A	Non-Union
57	Broadway @ Times Square	Aug-19	79	\$24,000,000	\$303,797	N/A	N/A	1930	Union
58	Dream Downtown*	Jun-19	316	\$175,000,000	\$553,797	N/A	N/A	2011	Union
59	Flatiron Hotel	May-19	64	\$40,300,000	\$629,688	N/A	N/A	2011	Non-Union
60	SpringHill Suites & Fairfield Inn & Suites	Mar-19	566	\$274,299,797	\$484,629	N/A	N/A	2019	Non-Union
61	Hotel Wales	Jan-19	89	\$56,250,000	\$632,022	N/A	N/A	1899	Union
62	Parker Hotel New York*	Jan-19	729	\$420,000,000	\$576,132	3.5%	TTM 2018	1981	Union
63	Embassy Suites New York Midtown Manhattan	Jan-19	310	\$195,000,000	\$629,032	N/A	N/A	2018	Non-Union
64	Westin New York Grand Central*	Jan-19	774	\$302,000,000	\$390,181	3.7%	TTM 2018	1981	Union

Footnotes*

Sale #

#REF!

This property was vacant upon sale and purchased for redevelopment

This property represents a leasehold interest

This property represents a leasehold interest & transaction reportedly resolved a troubled loan situation

Purchased for conversion to mixed-use residential, office, and retail

Purchased for conversion to Outsite (coliving / coworking)

4-property Affinia hotel portfolio purchased for conversion to Sonesta brand (Sheilburne Hotel & Suites, Fifty Hotel & Suites, Garden Suites, The Benjamin)

This property represents a leasehold interest

This transaction reportedly resolved a troubled loan situation following a troubled transfer to a special servicer in 2020

Purchased to be converted into 81 time-share units

This property was allegedly an illegal hotel use and was shut down in early 2022. The property is planned to be converted to affordable residential housing

Please note the property was sold as the Andaz Wall Street, and was converted to Hyatt Centric by the buyer

Purchased for residential conversion

Purchased for residential conversion

This property represents a leasehold interest

This property represents a leasehold interest

This sale includes the adjacent building

This property represents a leasehold interest

This property represents a leasehold interest & transaction reportedly resolved a troubled loan situation

This property represents a leasehold interest

Represents allocated purchase price; sold as part of a 4-property portfolio

This property represents a leased fee interest

Purchased for re-branding and partial residential conversion

Purchased for residential conversion

Source: LW Hospitality Advisors*

Assumptions & Limiting Conditions

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. LW Hospitality Advisors® (LWHA®) is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. LWHA®, however, has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a qualified title company that issues or insures title to real property.
2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. LWHA® professionals are not engineers and are not competent to judge matters of an engineering nature. LWHA® has not retained independent structural, mechanical, electrical, or civil engineers in connection with this pricing opinion and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of LWHA® by ownership or management; LWHA® inspected less than 100 percent of the entire interior and exterior portions of the improvements; and LWHA® was not furnished any engineering studies by the owners or by the party requesting this pricing opinion. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this pricing opinion. Accordingly, if negative findings are reported by engineering consultants, LWHA® reserves the right to amend the pricing opinion conclusions reported herein.
3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property was not observed by the consultant(s). LWHA® has no knowledge of the existence of such materials on or in the property. LWHA®, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the pricing opinion.
4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to LWHA®. This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. The pricing opinion is as of the date indicated; based upon the information, conditions and projected levels of operation.
5. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise specifically noted in the pricing opinion report. Unless otherwise specifically noted in the pricing opinion report, LWHA® has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, LWHA® reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the client-addressee should carefully review all assumptions, data,

relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify LWHA® of any questions or errors.

6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This pricing opinion is based on market conditions existing as of the date of this pricing opinion. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the pricing opinion. However, LWHA® will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
7. LWHA® assumes no private deed restrictions, limiting the use of the subject in any way.
8. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposit or subsurface rights of value involved in this pricing opinion, whether they be gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this pricing opinion report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
9. LWHA® is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
10. The estimate of pricing opinion, which may be defined within the body of this report, is subject to change with market fluctuations over time. The pricing opinion is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. LWHA® does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of LWHA®.
12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of LWHA® to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
13. Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
14. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
15. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or pricing opinion and are invalid if so used.
16. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
17. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate consultant(s). Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to LWHA® unless otherwise stated within the body of this report. If LWHA® has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. LWHA® assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

18. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the consultant(s) nor LWHA® assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate pricing opinion/consulting profession if so desired.
19. LWHA® assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient nor super-efficient.
20. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the pricing opinion report.
21. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
22. The Americans with Disabilities Act (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, LWHA® has not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since LWHA® has no specific information relating to this issue, nor is LWHA® qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.
23. Client shall not indemnify consultant(s) or hold consultant(s) harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate pricing opinion results to others, which acts of the Client approximately result in damage to consultant(s). Notwithstanding the foregoing, consultant(s) shall have no obligation under this Section with respect to any loss that is caused solely by the active negligence or willful misconduct of a Client and is not contributed to by any act or omission (including any failure to perform any duty imposed by law) by consultant(s). Client shall indemnify and hold consultant(s) harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the pricing opinion report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover, from the other, reasonable attorney fees and costs.
24. The report is for the sole use of the client; however, client may provide only complete, final copies of the pricing opinion report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. consultant(s) is not required to explain or testify as to pricing opinion results other than to respond to the client for routine and customary questions. We do consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.